

## **APPENDICES**

## PUBLIC REVIEW DRAFT SPRING, 2008

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## APPENDIX I: PROCESS

American Farmland Trust (AFT) formed an advisory Core Working Group comprised of the San Diego County San Diego County Farm Bureau, FHA/UCCE, County Agricultural Weights and Measures, and two divisions within the County Department of Land Use Planning – the Multiple Species Conservation Program (MSCP) and General Plan Update. To get farmer input and recommendations, AFT organized three listening sessions, four Core Working Group meetings, one focus group meeting, and the review of comments from the general public on drafts of the Farming Program Plan.

The three listening sessions were attended by county farmers and other stakeholders. AFT gathered their input to learn what they considered the most pressing problems, prioritize them, and provide recommendations on solutions. The sessions were held in Fallbrook, Ramona, and Valley Center in October of 2005. More than 100 farmers and other stakeholders attended the sessions. By a show of hands, participants indicated that more than half of the audience members were active farmers representing fruit crops, nursery products, vegetables, and livestock agricultural segments. The sessions were also attended by County staff, including then County Agriculture Commissioner, Kathleen Thuner, and the San Diego County Farm Bureau Executive Director, Eric Larson, who opened each of the sessions by welcoming everyone. See Appendix II for the Listening Session Summary and Notes.

The Core Working Group was comprised of County staff from the Agriculture Commissioner's office, MSCP, and General Plan Update, along with representatives from the San Diego County Farm Bureau and Farm Advisor's office. Four working group meetings were held in February, March, and May of 2006. Each meeting focused on one of the three major issues that emerged from the listening sessions: Cost of Doing Business, Land Use and Availability and Research, Education and Promotion of Agriculture. The objective was to generate, through an open and collaborative effort, recommendations that would be accepted by and helpful to the agricultural community.

The focus group was comprised of local San Diego County farmers recommended to review and discuss a Draft Farming Program Plan by the San Diego County Farm Bureau and Farm Advisor's office.

Thus, the Farming Program Plan is based on and reflects the valuable input of the agricultural community, as well as analysis of the conditions driving San Diego County agriculture today. It is intended to support farmers and agriculture and to enhance the environmental benefits they provide.

### DRAFT — For Internal Review Only —

## APPENDIX II: LISTENING SESSIONS SUMMARY AND NOTES

### SUMMARY OF ALL LISTENING SESSIONS

The County, the San Diego County Farm Bureau, Farm and Home Advisors/University of California Cooperative Extension, and American Farmland Trust (AFT) worked together—with input from landowners and other stakeholders—to design and create an innovative Farming Program Plan for the County. The plan includes implementation strategies as a framework for an economically and environmentally sustainable farming industry. While recognizing farms' habitat value for regional conservation, the plan includes land use policies, programs, tools, and incentives to keep land available and farming profitable.

AFT considered the involvement of the agricultural community of utmost importance. To find out from county farmers and other stakeholders what they considered their most pressing problems and find out their ideas about how to solve them, AFT held three "listening sessions" in Fallbrook, Ramona, and Valley Center. They were held on October 11, 12, and 13, of 2005 to gather input and allow everyone an opportunity to voice their concerns and provide recommendations. AFT used the information from the listening sessions to draft a Farming Program Plan for the County.

San Diego County San Diego County Farm Bureau Executive Director, Eric Larson, opened each of the listening sessions by welcoming everyone and acknowledged members of the audience, including County Agriculture Commissioner, Kathleen Thuner. Approximately 35 people attended the session in Fallbrook, 28 in Ramona, and 45 in Valley Center. By a show of hands, participants indicated that more than half of the audience members were active farmers representing fruit crops, nursery products, vegetables and livestock agricultural segments.

Larson provided an overview of the project and process, explaining the goals for the listening sessions and how they tie into the countywide process to develop the Farming Program Plan to sustain agriculture in San Diego County. He introduced Michelle Harvey, the session facilitator, who led the balance of each meeting, which was designed to elicit from attendees their primary and secondary concerns about the future of farming in San Diego County.

Harvey asked people to first write down their concerns, then to select their primary concern to post on the wall under one of five categories—land use regulations, costs of doing business, environmental regulations, land use availability, and all other ideas. Participants also listed secondary concerns on a different colored sheet of paper to make sure the full gamut of issues was covered. Harvey noted that the open discussion would be organized into three to four consecutive discussion segments of 15 to 20 minutes each, based on the concerns attendees posted on the wall. People were also asked to write down for their own use in the open discussion their top three to five recommendations on how to address their key concerns. The full list of concerns is listed for each of the listening sessions on the county's web site at www.sdfarmingprogram.org and in Appendix II.

Based on the comments that participants posted, regulations—both land use and environmental—and the costs of doing business were overriding concerns. The session in

Fallbrook focused on land use regulations, specifically, and the costs of doing business, while in Ramona and Valley Center, the discussion centered on land use and environmental regulations, as well as costs of doing business. In Valley Center, the discussion also focused on land availability. While the focus of discussions varied slightly in each location, with some overlap between the various categories, the following broad issues and recommendations emerged repeatedly in each session.

### **Land Use**

### **Concerns**

**Equity Mechanism:** Farmers were very concerned about the potential loss of equity in their land under the GP Update, in particular, as well as in the Multiple Species Conservation Plan.

**Proposed Lot Sizes:** Participants were universally concerned that the GP Update did not accommodate the scale and scope of agriculture being practiced in San Diego County. They were particularly concerned about 20 and 40-acre minimum lot sizes in rural areas. Farmers indicated that this does not reflect the current use of the farmland, as 63 percent of the county's farms are fewer than nine acres, with the average size of five acres. Additionally, the larger lot minimum would prevent farmers from subdividing the land for their children or providing housing for agricultural employees. The larger lot minimum may also prevent entry into farming due to the higher cost of land.

### Recommendations

Participants called for some kind of equity mechanism using funding from multiple sources, including mitigation fees from developers, purchase of development rights (PDR), and/or transfer of development rights (TDR) programs, tax incentives, and revisiting the Williamson Act. Recommendations also called for adjustments to increase in the minimum lot sizes proposed under the GP Update.

### **Cost of Doing Business**

#### Concerns

**Permitting Process/Regulations:** Permitting was cited as an unbelievably confusing and costly process that hindered the expansion and diversification of farms in San Diego County. As one participant stated, "Slow the bus down," noting that all policy setters at all levels want a response "tomorrow." Farmers indicated they are being asked to respond to too many regulations and are seeking relief from these requirements. The Major Use Permit and Clearance and Grading Ordinance were considered especially onerous.

Water Costs and Availability: Expensive water, a reliable and durable water source, and a more efficient delivery system were often mentioned as major concerns for the future of farming in San Diego County. More wells tapping into the groundwater source for development was also raised as an issue during the sessions.

**Agriculture/Urban Interface:** Farmers also indicated that as incompatible uses move adjacent to their farms, farming becomes more difficult and costly as upgrades to operations and cultural practices are needed in order to avoid complaints.

**Labor:** There are difficulties in providing on-farm labor housing due to regulations and restrictions, along with the availability of affordable off-farm housing in San Diego County. Additionally, shortages of labor continued due to tightened border security coupled with the high cost of workers' compensation insurance.

**Competition from Imports:** As a result of trade agreements, imported products, especially avocados from Mexico, and their long-term impact on the domestic market may negatively affect farmers' profit margins.

**Input Costs:** In addition to water and labor costs, other inputs such as fertilizer and pesticides, gas/diesel, and electricity continue to increase, affecting farm profitability and sustainability.

### Recommendations

Suggestions to some of the above concerns included streamlining the permit process with reasonable timelines, having informed people in the permit department to answer farm-focused questions, and creating a permit process map that could aid farmers. Farmers also mentioned the need for help in paying for the cost of improving their operations as incompatible uses move adjacent to their property. Reforming the immigration policy was also recommended to help stabilize the labor supply. Reducing the permit process was seen as one means of more readily providing on-farm labor housing. In order to help decrease high water costs, participants suggested increasing the investment in reclaimed water and conservation programs.

### **Environmental Regulations**

### **Concerns**

**Endangered Species:** Concerns were voiced that endangered species and habitat "trump" agriculture in the county and hinder the expansion of farming. Habitat corridors, specifically the Multiple Species Conservation Program (MSCP) and the farms within the Pre-approved Mitigation Areas, were raised as both a barrier to expansion due to the mitigation requirements and a potential cause of reducing farmland value.

**Water Quality:** Compliance with storm water runoff regulations was discussed as costly and difficult to implement. Farmers were concerned that not enough time and education has been given to comply with this regulation.

#### Recommendations

Farmers once again voiced the need for some type of an equity mechanism process, such as a PDR or TDR program, to compensate for the potential loss of farmland value due to the MSCP. There was also a general consensus that more assistance and time were needed to comply with the storm water runoff regulations.

### **Land Availability**

### **Concerns**

**Difficult to Expand/Development Pressures:** In addition to difficulties in the permitting process, regulatory requirements and mitigation requirements related to endangered species, the rising cost of land due to development and population pressures creates a hurdle for the expansion of farming. Competition for land has driven land prices higher and made it more difficult for farmers to purchase land for farming, while also making it more attractive to sell land as profit margins decrease.

### Recommendation

Many participants felt that if a program would compensate farmers for their development rights, such as a PDR program, then farmers would have an alternative to selling for development.

#### Other Concerns

**Exotic Pests and Diseases/Quarantines:** Quarantines due to exotic pests and diseases have had a significant economic impact on agriculture in San Diego County. Participants were concerned that not enough funding was available for a better pest exclusion and detection program to avoid quarantines.

### **Recommendations**

Suggestions included more investment for a better pest exclusion and detection program. In addition, local officials should be given more flexibility in reacting to outbreaks exotic pests.

**Agricultural Economic Development:** Although San Diego County is among the state's leading agricultural counties, farmers felt there was a lack of awareness among the urban residents of the wide variety of locally grown products available to them.

### **Recommendation**

Participants felt the hiring of an agricultural economic development specialist by the county would help to promote agricultural production and its related industries in San Diego.

**Research:** As competition from imported products increases and funding for agricultural research decreases, the development of alternative crop production and marketing was indicated as one of the factors that will impact the future success of agriculture in San Diego County.

### Recommendation

Establishment of an agricultural research station in San Diego County was listed as a recommendation for the development of alternative crop production and marketing.

**Education/Public Support:** Participants also expressed concern that the farmers' side of the story is not being heard.

### **Recommendation**

Farmers voiced the need to win widespread support through more education in the schools and of the elected officials and general public by explaining the importance of agriculture to San Diego County's history, environment, and economy. Increased efforts should also describe to the public the difficulties that farmers face in the county.

### FALLBROOK LISTENING SESSION NOTES

Meeting details: Oct 11, 2005, 7:00 – 9:00 pm, Live Oak Elementary School, Fallbrook, CA

#### Welcome and Introductions

San Diego County Farm Bureau President, Eric Larson, opened the meeting by welcoming everyone and acknowledged members of the audience, including County Agriculture Commissioner, Kathleen Thuner. Approximately 35 people were in attendance, including staff and partners. By a show of hands, participants indicated that approximately half of the audience members were active farmers representing fruit crops, nursery, vegetables, or livestock agricultural segments.

Larson provided an overview of the project and process, explaining the goals for the listening sessions and how they tie into the countywide process to develop the Farming Program Plan to sustain agriculture in California. He then introduced Michelle Harvey, the session facilitator, who led the balance of the meeting.

### **Sharing Concerns**

The next meeting segment was designed to elicit attendees' primary and secondary concerns about sustaining agriculture in California. Harvey asked people to first write down their concerns, then to select their primary one to post on the wall under one of five categories—land use regulations, environmental regulations, costs of doing business, land use availability, and all other ideas. Secondary concerns, listed on a different colored sheet of paper, were also posted. Harvey noted that the open discussion would be organized into three to four consecutive discussion segments of 15–20 minutes each, based on the concerns attendees posted on the wall. People were also asked to write down for their own use in the open discussion their top three to five recommendations on how to address their key concerns. The full list of concerns is listed at the end of this report.

### Group Discussion on Recommendations to Address Key Concerns

Based on the posted concerns, the discussion sessions focused on the following three topics—land use regulations, costs of doing business, and other ideas. Harvey noted that the list of recommendations would NOT be voted upon and that the goal was to gather everyone's best thinking. The majority of participants making suggestions identified themselves as farmers in the area. Individual comments were captured on flip-charts; a summary of the recommendations, which solely represent the viewpoints of the participants, follows:

Recommendations regarding *Land Use Regulations* focused on equity issues, parcel size, and the farmer's ability to farm. In all cases, people wanted the county to respond to the issues raised.

Several expressed concern that they would be legislated into farming, when what they wanted was to be allowed to use their land with flexibility, planting the crops of their choice to maintain viable, profitable farms. To that end, they wanted the farmers, not the government, to decide how to use their water and land resources. The term farm "preservation" struck a nerve—the need is to sustain profitable farming, not create a preserve.

The average farm in San Diego County is only nine acres. The GP Update parcel size/density requirements—focusing on 20 and 40-acre parcels—are not consistent with historical San Diego County farmland usage. To improve the outcomes of the GP Update, parcel size should be linked to this historical basis and factual analysis of future farm needs. Numerous participants expressed concern over the concept of down-zoning, fearing that it will remove subdivision options and result in lost equity. Transfer of development rights (TDR) and purchase of development rights (PDR) programs were suggested as a way to promote the retention of equity. It was suggested that if land values were to go down, taxes should be adjusted downward accordingly.

One suggestion was to create a farm plan with a longer timeline than the GP Update, looking at how to keep agriculture a desired land use—viable yet voluntary—in San Diego County for 50 to 100 years or more. Current levels of regulation were seen as a deterrent to sustaining family farms.

Many people agreed that land conversions need to be done with respect to the surrounding context of agricultural lands. New development should not be able to force a farmer engaged in legal farming operations to bear the costs of involuntary farm operation upgrades; the burden should not be on the farmer, but on the neighboring land owner who through litigation can force farmers to change practices.

With regard to the *Cost of Doing Business*, recommendations started with the need for help in complying with regulations, from training to incentive programs to waivers, or perhaps in getting reductions in regulatory requirements. It was noted that the cost of land is so expensive that endangered species mitigation is not possible for most farmers. Having someone at the county level to focus on advancing the economic well-being of farms and farmers rather than just regulatory issues—someone dedicated to finding reasonable solutions for agriculture—was also seen as a needed change. Another suggestion was to get food consumers to pay a fee that could be used to help farmers with the cost of complying with regulations.

One participant said, "Slow the bus down!," noting that policy setters at all levels want a response "tomorrow!" Other participants agreed that farmers are being asked to respond to too many challenges at the same time, and they often cannot respond within the time available. The result is that farm-friendly policies are *not* being enacted and farmers have to live with the undesirable consequences. Given the costs of regulations on farming, cost/benefit analyses should be required for regulations. Funding sources should be provided for unfunded mandates or the costs reduced or removed. Workers' compensation insurance costs were seen as particularly onerous, with reform needed to bring costs in line. It was suggested that agencies and others with powerful voices be engaged to help small farmers—especially those with safe farms—pay lower, more reasonable rates. Sponsoring state legislation to make insurance

companies pay interest on deposits paid to workers' compensation insurance funds was also suggested.

The rising cost of water was of concern to many participants, who called for infrastructure to encourage the use of reclaimed water and reduce the energy costs to pump water. Investment in improved energy technology was encouraged to promote self-sufficiency, a big research and development effort headed by NASA—"people who can solve the unsolvable"—was one approach. However, such capital investment needs to focus on likely sources of energy and not result in more costs transferred to farmers without a useful outcome.

Other Ideas included funding for research, development, and trials of new, profitable specialty crops, with the caveat that the market for these crops be sufficiently large to support multiple commercial-scale growers.

Crop pests and labor costs were other areas of focus. Many people wanted better pest exclusion and detection programs, along with effective tools to address pests and treat crops, both pre- and post-harvest. Given that San Diego County is on the border, more investment in prevention is needed, yet funds have been cut to zero for high-risk pest reduction. As a result, many harmful exotic pests are coming into the county. Recent quarantine cycles in the county were too long and lacked foresight, resulting in significant economic damage. Better planning was called for, such as having a handbook on what to do when different types of quarantines were instituted. Local people need to be able to act quickly when an exotic pest is identified and should not have to wait on state and federal agency approval. A proactive, not reactive, plan is needed to address pests.

The agricultural labor policy needs to be rational. The Bracero model was seen as a way to have labor with dignity, making it reasonable for people to work effectively and go home safely. Many people wanted realistic immigration reform, noting that if people are already working here and the economy is dependent upon them, they should have earned adjustment status. A real focus on immigration reform could then occur.

#### Closing

At about 8:30 pm, the facilitator turned the program back to the representative from the San Diego County Farm Bureau. Larson thanked participants for their attendance and engagement, reminded them of what happens next in the process, and wished them a good evening.

Information from these sessions will be available in November 2005 on the County's new farming program web site, www.SDFarmingProgram.org.

Fallbrook Attendees' Concerns on the Future of Farming in San Diego County (as written by attendees)

LAND USE/ENVIRONMENTAL REGULATIONS

Listed as the #1 concern:

• Ability to start and expand agricultural operations

- Difficult to get building permits to expand and grow business (i.e., it's a slow process, expensive, too many regulations as compared to other counties and states). It is a lot more work and money.
- Parcel sizes in farming areas were set at 10-40 acres while the majority of the farms are less than 10 acres. Farming would be helped by passing farm parcels on actual practice in the County. These parcel sizes lead us into farming economics such as Transfer of Development Rights, etc.
- We can't develop new farmlands for tree crops due to land use regulations (habitat & preservation).
- Fitting in with all our neighbors.
- The down-zoning of property without an understanding of the impact on the farmer. When the County was questioned (by written request) they did not respond to my concerns. I answered the requested concerns list but did not receive any response. The down-zoning is inconsistent from parcel to parcel indicating that there was no evaluation/dialog on impact. The loss of farm value is the issue whether for farming or development.
- The major concern is that developers' big dollars affect the determination of land use swaying elected officials to make detrimental zoning changes that impact agriculture and the environment.

### Listed as a secondary concern:

- Agricultural/urban interface, buffers, compatibility
- Wild fire/ag/urban interface
- Zoning restrictions land values
- Water
- Williamson Act Contracts
- Permitting process at the County
- Grading/Clearing (habitat, water quality)
- Environmental (ESA) opportunities and challenges
- General Plan designations (equity mechanisms)
- Agricultural Tourism
- Agricultural labeling (branding)
- Economic development of agricultural
- Right to farm (and to stop)
- Proposed conservation measures aren't much different than those learned in the 4-H club over half a century ago
- We used to brag about rare plants and animals on our lands, but sadly, no longer

### COSTS OF DOING BUSINESS

#### Listed as the #1 concern:

- Availability of water and cost
- Water, utility/electricity, gas (heating greenhouses and transportation) costs increasing with low profit margins
- How do we continue to get water at the rates that allow production of agriculture (especially avocados in the case of Fallbrook) to continue as viable businesses?
- The small water districts, which supply most of the water for Southern California farming, are very inefficient. There are large variations in services to farmers at different

locations and elevations. Some of the high cost to farmers is due to a high waste of energy. This is due to failure of small water districts to use best available engineering practices.

- Ever increasing amount of regulations that need to be complied with.
- Development rising property values cause agricultural lands to be converted to residential or commercial buildings.
- Indirect cost of labor.
- Workers' compensation insurance: The other high costs of farming are probably impossible to change, but our workers' compensation insurance could be solved. My little farm pays \$2000-5000/month and in 17 years we've had a small \$300 claim. That's \$24,000-36,000/year for a small farm. A safe farm.

### Listed as a secondary concern:

- Staying in business with all the rapidly escalating costs, long term cost and availability of water
- Power for pumps, district water, property taxes, supplies, bug control, etc.
- Increased cost of inputs (cost of goods) including water, fertilizer, gas, etc.
- Cost of water
- Water availability and cost of fuel
- Water availability and quality
- The profit margin, due to water costs, etc., drive farmers to sell land to developers. This will cause the loss of the quality of life so important to the people of North County.
- Regulatory overhead
- Environmental regulation compliance cost
- Not being able to fully utilize land due to endangered species, etc.
- How to comply with the Clean Water Act when avocados grow on the sides of hills and water flows with gravity? How do I keep it on my property without sacrificing yield?
- Increased costs for permitting when wanting to expand, i.e., cost of permit, cost of complying with regulations
- High cost of land is a deterrent to expansion
- Urban/agricultural conflict
- Competition from off-shore
- Immigration reform/labor availability
- Status of labor: we need the Bracero program back
- Introduction of pests and diseases creating quarantines or increasing the cost of doing business due to treatments
- Availability and understanding of crop protection methods
- Workers' compensation insurance costs
- Import pressures
- Lack of funding for agricultural research at state and federal levels
- Urban ignorance
- Too much stupid growth; we need smart growth and form based codes that support sustainable agriculture

### LAND AVAILABILITY

Listed as the #1 concern:

Loss of farmland

- Raising cost of land
- In view of the costs of farming and the increased value of farmland as "developable" farmland, there needs to be a variety of programs and incentives to ensure that farmers keep farmland as farmland for the long term
- Land availability and cost
- Labor Cost and availability

### Listed as a secondary concern:

• There were no items listed under this topic as a secondary concern

#### **ALL OTHERS**

Listed as the #1 concern:

- Quarantines
- Exotic pests (from Mexico, in particular, for this avocado grower, and outside of the San Diego County, generally).
- Lack of funding for pest exclusion and eradication, trapping, and monitoring, availability of chemicals approved for use on "minor" crops, which are so important to the diversity of San Diego County agriculture.

### Listed as a secondary concern:

- Pest and disease exclusion and inspections are decreasing. Due to budget cuts?
- Support of Farm Advisors is decreasing. Due to budget cuts?
- Immigration reform! Our entry-level field workers are mostly undocumented. This is a huge burden on both the worker and the employer. The first reform should be driver's license so they can get safely to work with car insurance
- Lack of pesticides for minor subtropical fruit crops
- Cost of water
- Lack of water and lack of development of reclaimed water infrastructure (it could be used in agriculture if we could get it to the farm)
- TMDL's for nitrate and salinity
- Competition from Mexico for avocados
- Lack of research money for new crop development
- New pests
- Concerned the highest and best use continues to result in agricultural lands being converted to residential use

### RAMONA LISTENING SESSION NOTES

*Meeting details*: Oct 12, 2005, 7:00 – 9:00 pm, Ramona Community Center, Ramona, CA

### Welcome and Introductions

San Diego County San Diego County Farm Bureau President, Eric Larson, opened the meeting by welcoming everyone and acknowledged members of the audience, including County Agriculture Commissioner, Kathleen Thuner. Approximately 28 people were in attendance, including staff and partners. By a show of hands, participants indicated that approximately half of the audience members were active farmers representing fruit crops, nursery, vegetables, or livestock agricultural segments.

Larson provided an overview of the project and process, explaining the goals for the listening sessions and how they tie into the countywide process to develop the Farming Program Plan to sustain agriculture in California. He then introduced Michelle Harvey, the session facilitator, who led the balance of the meeting.

### **Sharing Concerns**

The next meeting segment was designed to elicit from attendees their primary and secondary concerns about sustaining agriculture in California. Harvey asked people to first write down their concerns, then to select their primary concern to post on the wall under one of five categories—land use regulations, environmental regulations, costs of doing business, land use availability and all other ideas. Secondary concerns, listed on a different colored sheet of paper, were also posted. Harvey noted that the open discussion would be organized into three to four consecutive discussion segments of 15–20 minutes each, based on the concerns attendees posted on the wall. People were also asked to write down for their own use in the open discussion their top three to five recommendations on how to address their key concerns. The full list of concerns is listed at the end of this report.

### Group Discussion on Recommendations to Address Key Concerns

Based on the posted concerns, the discussion sessions focused on the following three topics—land use and environmental regulations, costs of doing business, and other ideas. Harvey noted that the list of recommendations would NOT be voted upon and that the goal was to gather everyone's best thinking. The majority of participants making suggestions identified themselves as farmers in the area. Individual comments were captured on flip-charts; a summary of the recommendations, which solely represent the viewpoints of the participants, follows:

With regard to Land Use and Environmental Regulations, revising the permit process was a strongly endorsed recommendation. Noting that the lack of financial return on permits and regulatory processes needs to be recognized, the call was to simplify the layers of regulation before farmers simply gave up. Another recommendation was for farmers to be more vocal and visible, helping inform people who make decisions. Too often, people in the permit department don't know what agriculture means; one example given was the need to contact the school district when a new barn is being built. It was also suggested that the county institute effective mechanisms to answer farm-focused questions. One recommendation was for the San Diego County Farm Bureau to borrow from professional architects and have an "onions and orchidsstyle" award to publicize what's good—and not so good—about San Diego County agriculture.

One well-received suggestion was to have the county provide a flow chart or map of the myriad permits required for farmers—at least farmers and the county would both know what was needed. Such a map, in documenting the many different groups requiring what was viewed as excessive paperwork, could begin to create public awareness of the need for a simpler, more straightforward process with reasonable timelines. Calling for more common sense in the regulatory process, another suggestion was to get rid of major use permits for agricultural products that don't have an impact on traffic or other activities in the county.

A second area of concern was parcel size and the desire to see parcel sizes in line with what's already happening in the county—two to four acres, not 40. Many people wanted to see growth

matched to water availability, maintaining adequate supplies of water for agriculture. One suggestion was to revise the County permit process for wells, to favor farmers over developers, to prevent too many wells from being drilled. Another recommendation was to assess the water impacts of large-scale development for casinos and golf courses.

A need was seen to develop mechanisms to preserve prime agricultural land, rather than allowing it to be easily developed. One recommendation was to have more "O" designators for livestock, which was viewed as crucial for smaller operations. People should not have to wait for the GP Update, when they could be complying now. Along the same line, protecting farmers from incompatible adjacent land use—such as an off-road vehicles range adjacent to livestock—was called for. One recommendation was to have realtors link prospective buyers with local farmers to see how planned development could fit with existing agricultural uses.

More flexibility in land use was also recommended. More reasonable scenic easement requirements were called for, with the suggestion that waivers be allowed for needed farm structures, or that guidelines be changed to address building design rather than size. Noting that sometimes agriculture may not be the best use anymore and that it is hard to justify open space when it's not profitable, more flexibility for farmers was also called for. Regulations should accommodate affordable housing on farm properties for family members and employees, and allow sub-division of large farm holdings into smaller farming-size lots of 40 acres or fewer.

The Cost of Doing Business was another area of discussion focus, overlapping somewhat with the land use regulation discussion. There was strong agreement that San Diego County needs to be for agriculture more than for wildlife habitat, with a reminder that keeping people on good farms, where agriculture is successful, was better for wildlife habitat than development. Supporting farming on small land parcels means others can farm successfully, too—another way of advancing agricultural use of the best lands over development.

There was also significant support for maintaining farmland equity and allowing family farms to remain in the family by allowing flexibility in land use. Transfer of Development Rights (TDR) and Purchase of Development Rights (PDR) were mentioned as good programs if they did not reduce the value of land. A suggestion was to hold one or more forums on TDRs and PDRs so the community could learn about the pros and cons of options such as these. There was also a request to take the mystery out of property appraisals for real estate value versus farm value by providing more information.

Numerous suggestions were offered about reducing the cost of water for agriculture, including the idea of tax incentives and increasing water availability for farmers. One person noted that reduced costs for farmers equal reduced costs for consumers and suggested that educating the public about cost options was a possible strategy to pursue.

People also recommended having incentives for planting more efficient crops, asking that the county agricultural department do a better job of identifying crops that grow well in the area and with which farmers can make a profit. One suggestion was to work with 4-H kids to raise pilot crops of commercially interesting plants not currently grown in San Diego County. Noting that pilot projects are often funded through grants, another suggestion was to have someone or some

place dedicated to helping farmers through the whole grant process to increase their chances of success.

As one farmer put it, "It all boils down to economics." Noting that the County can't change wages, commodity prices or international issues, it was suggested that the County first focus on what the County can do to support farmers, such as reducing needs for quarantines, tackling price-sensitive tax issues, considering property tax alternatives, improving markets and increasing opportunity for promoting local products. Secondarily, the County can work with state and federal government agencies that can influence other farm issues. Acknowledging that most people don't have enough links to farms anymore, another suggestion was to have more publicity on how hard it is to make a living in farming. Sharing Ramona success stories was also encouraged.

During the third recommendation segment, all *Other Ideas* were brought forward, with education a predominant theme. Education for both K-12 and the university is needed to "inform the pipeline" on where food comes from. Noting that good programs that work are already in the classroom, participants called for adequate levels of <u>real</u> funding to allow them to be successful. Another suggestion focused on offsetting the cost of labor, with the idea that farmers could help educate students through community service while providing volunteer labor opportunities.

Going back to a theme mentioned earlier in the evening—promotion of San Diego County products—the suggestion was made to educate people *in* the county about things that are on sale *from* the county. The goal would be to create energy around locally produced items, making San Diego County products the first choice among local consumers.

### Closing

At about 8:30 pm, the facilitator turned the program back to the representative from the San Diego County Farm Bureau. Larson thanked participants for their attendance and engagement, reminded them of what happens next in the process, and wished them a good evening.

Information from these sessions will be available in November 2005 on the county's new farming program web site, www.SDFarmingProgram.org.

## Ramona Attendees' Concerns on the Future of Farming in San Diego County (as written by attendees)

LAND USE REGULATIONS

Listed as their #1 concern:

- Designating arable land at 1 du/20acres will kill future farming activities. The high cost of land plus the high cost of water will preclude people from entering farming. About 2/3 of the county's farms are on 9 acres or less, with the median on 5 acres. A more flexible approach is required to encourage, not discourage future farmers.
- The inability in San Diego County to divide large parcels of land into smaller parcels, i.e. into 40-acre parcels to increase the opportunity for a broader range of agriculture.
- An increasing trend of "downsizing" and more restrictive environmental restrictions on property in our region (San Diego County Backcountry).

- There need to be smaller farms for people to grow smaller crops (2-4 acres). All farm property should not be zoned 40-100 acres.
- Rezoning or renaming of agricultural property, example: Rural Residential.
- Urban/agricultural interface.
- Developing of prime agriculture land.
- No profit! Too many permits. People looking over your situations when they knew nothing about farming. Environmentalists! Wetlands! Pesticides not available anymore. Imports regulating competition.
- Government intervention. Unnecessary rules and paper work. Forms that benefit officials in their effort to snake and enforce rules.
- Too many layers of authority regulating land use too time consuming to figure out all the applicable laws and various interpretations.
- Land Use Regulations restrictions on my property scenic easement. Because I have a scenic easement restriction I have been restricted as to size and design of necessary farm buildings for my operation.
- Availability of water. Cost of water. Indiscriminate well digging permits by San Diego County.

### Listed as a secondary concern:

- Concerns with Multiple Habitat Conservation Plan (MHCP) Pre-Approved Mitigation Areas. Unfair to those actively involved in farming for over 5 years, i.e., expansion. Seems "habitat trumps agriculture."
- Land use regulations. Environmental regulations.

### **ENVIRONMENTAL REGULATIONS**

### Listed as their #1 concern:

- Environmental wackos. How will you protect the farmer's land from being taken away by environmental regulations!! And if his hands are tied, how will he get his full value!!
- Regulations! A lot of them! It can be difficult to do business when there are so many regulations for land use and environmental issues. The land is our livelihood. It is a renewable resource. We have to care for it or we will be out of business. Don't put so many restrictions on the land that we can't care for it.
- The biggest concern about which I am most knowledgeable is the impact of environmental regulations. This overlaps with land use regulations and land availability. Environmental regulations, while well-intended, most of the time, are impossible to implement, fail to secure the desired outcomes, and provide the growers with immeasurable headaches. Solely the environmental problems are often at a cost beyond the scope of many growers.
- Don't tell us what we can't do without helping us solve the problem that it creates chemical use, land use, housing, water, noise.

### Listed as a secondary concern:

- Officials don't listen and have their own agenda.
- Legal labor cost excessive. Stormwater runoff issues. Blue line stream regulations. Expensive to get permits and excessive time required to be legal. Farm labor housing restrictions.
- Open space, contiguous corridors, species conservation, energy use and agricultural rates, environmental/water quality.

- That poorly written environmental regulations hinder some farmers.
- We have maintained open space and multiple species habitats for several decades here in San Diego County, as well as operating a cattle ranch on the same property. Sometimes I resent so-called specialists, or professionals claiming they could do it better, or they could manage the environment better.
- An increasing trend in government that private property is "semi-public" with many layers of government implementing a continuous and incessant stream of restrictive regulations. The need for smaller farms and the public and civic mindset, hence policies, against it. Too many rules, at many levels of government!

### COSTS OF DOING BUSINESS

Listed as their #1 concern:

- Cost of water
- Water availability
- Cost of doing business

Listed as a secondary concern:

- Cost of water
- Enough affordable housing for employees on farm and off. Oversight of environmental factors that is affordable, i.e., monitoring of watershed. Streamline permit processes to online especially for exemptions. Avoid all quarantines or mitigate them better we can't afford backslides caused by man.
- Water, labor, benefits, etc., as well as consultants to solve all other problems are extremely high. In addition, the cost of selling property or not being able to maximize sales is devastating for those who have planned to use the land as savings, retirement, etc.

### LAND AVAILABILITY:

Listed as their #1 concern:

• Cattle grazing requires large blocks of land for pasture. Most of the areas in the East County are already in public ownership. How are the land owners to protect their land in the future from open space zealots and environmental enthusiasts?

Listed as a secondary concern

- Arbitrary zoning I have 2 contiguous parcels, total of 50 acres. One is 40 acres, flat, zoned 1 house to 40 acres. The other is 10 acres, steep, and zoned one house to every 2 acres. Inability to expand farming operations because land is considered valuable habitat for various birds.
- Development turning up in all open land.

### **ALL OTHERS**

Listed as their #1 concern:

- TDR-PDR program and how this will possibly devalue farm land (market value). TDR-PDR discussed in the GP Update process.
- Public awareness/education open space and contiguous corridors, species preservations, energy use and agricultural rates.
- Agriculture land trusts and conservancy. Taking residential development pressures off the producer.

Listed as a secondary concern:

- Water quality and stormwater issues. Educational outreach.
- How do you get answers to questions. In June 2004, I wrote the Planning Dept. They referred me to the Board of Supervisors (without answering my questions). I then contacted the Board of Supervisors. They said "be patient". They did not answer my questions. I contacted them again. They referred me to the county Administrator. He replied by referring me back to the Planning Dept. In one and a half years, I have been unable to get answers to my questions.

### VALLEY CENTER LISTENING SESSION NOTES

*Meeting details*: Oct 13, 2005, 7:00 – 9:00 pm, Valley Center Middle School, Valley Center, CA

#### Welcome and Introductions

San Diego County San Diego County Farm Bureau President, Eric Larson, opened the meeting by welcoming everyone and acknowledged members of the audience, including County Agriculture Commissioner, Kathleen Thuner. Approximately 45 people were in attendance, including staff and partners. By a show of hands, participants indicated that most of the audience members were active farmers representing fruit crops, nursery, vegetables, or livestock agricultural segments.

Larson provided an overview of the project and process, explaining the goals for the listening sessions and how they tie into the countywide process to develop the Farming Program Plan to sustain agriculture in California. He then introduced Michelle Harvey, the session facilitator, who led the balance of the meeting.

### **Sharing Concerns**

The next meeting segment was designed to elicit from attendees their primary and secondary concerns about sustaining agriculture in California. Harvey asked people to first write down their concerns, then to select their primary one to post on the wall under one of five categories—land use regulations, environmental regulations, costs of doing business, land use availability, and all other ideas. Secondary concerns, listed on a different colored sheet of paper, were also posted. Harvey noted that the open discussion would be organized into three to four consecutive discussion segments of 15–20 minutes each, based on the concerns attendees posted on the wall. People were also asked to write down for their own use in the open discussion their top three to five recommendations on how to address their key concerns. The full list of concerns is listed at the end of this report.

### Group Discussion on Recommendations to Address Key Concerns

Based on the posted concerns, the discussion sessions focused on the following three topics—land use and environmental regulations, costs of doing business and land availability, and other ideas. Harvey noted that the list of recommendations would NOT be voted upon and that the goal was to gather everyone's best thinking. The majority of participants making suggestions identified themselves as farmers in the area. Individual comments were captured on flip-charts; a summary of the recommendations, which solely represent the viewpoints of the participants, follows:

With regard to Land Use and Environmental Regulations, keeping farmland as farmland was encouraged. The highest and best use of farmland should not be seen as condos. Numerous comments addressed the General Plan Update (GP Update) with the hope that it would make agriculture a county priority. Restoring the agricultural designation as a land use definition was viewed as important, provided the definition includes new areas of profitable agriculture so people can keep farming. "Semi-rural" and "urban agriculture" were viewed as insufficient designations, useful for accommodating new industry and other development but not a definition that ensures agriculture is sustained in the county. To increase the interaction between farmers and information sources, putting an agricultural experiment station in San Diego County was called for.

A farm preservation act that makes sense and doesn't risk equity was encouraged, with more agricultural conservation easements through more funding from all sources and more places to hold easements, including working within the proposed multi-species conservation plan (MSCP). People were anxious to have decisions made and moved forward with regard to a fair equity-transfer mechanism, not only for farmers but for all who are harmed by the GP Update downzoning.

Other ideas included mitigation funding from developers and tax incentives to help keep farming in the county, perhaps revisiting the Williamson Act. Reiterating that farmers need to be able to decide what they want to do on their farms, and that the future needs to be open to new crops, there was also a suggestion that the GP Update address farmer compensation when rules change and restrict choices. Regulators were encouraged to reconsider the impacts on farms of designations, such as for Indian artifacts and sacred lands and for trails, which were viewed as doing nothing for farms but opening up the land to trespassers and poachers.

In addition, there was call for a county advocate for agriculture and for county employees who understand farming. Having a way to deal with turnover was encouraged. Another recommendation was to have a single agricultural inspection with one inspector rather than multiple inspectors from the same department. Another recommendation was to protect farmers from inappropriate new neighbors, such as dumps, asphalt plants, gravel pits or other heavy commercial operations. Suggesting that lawsuits and lawyers not be the driving force behind policy, another recommendation was to find different, appropriate ways to implement regulations on farms versus the way they are implemented for developments.

The *Cost of Doing Business* and *Land Availability* were other areas of discussion. If agriculture is truly desired by the county, then water should be cheaper for farmers first, including providing access for percolation tests on a preferential basis and developing ways to use reclaimed water, where appropriate. As the fifth largest industry in San Diego County, agricultural interests should be listened to by elected officials and supervisors. Perhaps working with the casinos as a new ally for small farms would help agriculture gain support. Another suggestion was to elect new officials predisposed toward agriculture.

One recommendation for keeping agriculture viable was to focus more energy on identifying higher dollar cropping solutions, to see what works and where new markets are, along with help to get into new ventures. One person recommended an education program at SDSU and CSU

San Marcos where farmers can work with MBA students on business planning and a model program at Penn State was also recommended. Making the County crop report easier to analyze was another suggestion; higher dollar crops should be analyzed more than the lower dollar crops. Dollars per acre is a more useful presentation of data than hundreds of dollars per hundreds of acres.

More agricultural workers are needed, and real immigration reform was seen as the solution. The cost of employee housing is too high and establishing housing too hard because the regulations are not reasonable. For farm worker housing, regulatory demands are not offset by waiver of fees. Rules should be specific to agriculture, not one-size for both agriculture and industry, and should be appropriate for different types of businesses.

People need to know the long-term costs of current practices, because farmlands need to be taken care of now to sustain agriculture. One suggestion was to develop associations or co-ops that can create a community for new sustainable ideas and approaches. Others included changing the the GP Update to support more small farms in transitioning to organics or other ventures and changing the zoning laws so that crops grown on arable lands can be sold on those lands. Tax incentives for green benefits from farms, such as clean air and water, were also suggested.

Many people offered thoughts on improving markets. Some wanted help in setting prices and identifying market opportunities, while others looked for technical support and training for farmers, including revitalizing the grange concept. The limited number of big brokers for produce was seen as constraint to better prices. Co-ops specific to different crops, and targeting specific markets, were suggested as a way to address some of these issues.

Another recommendation was to establish new agricultural standards for produce—Grade A, Grade B, etc.—as a way to help distinguish and showcase quality and improve prices. Support was encouraged for a burgeoning effort to develop standards for organic products.

During the third recommendation segment, all *Other Ideas* were brought forward. Educating young people about farming was a dominant theme. More agriculture students are needed for middle management and other farm jobs; students need to hear that it is possible to make a good living in farming. The Future Farmers of America (FFA) program can be effective if it is updated from dust-bowl era programs to focusing on farming's real future. One recommendation was to get more active farmers into FFA so programs are viable. Use of *Ag in the Classroom* and school yard-based native gardens for studying ecology, science, etc., were also encouraged.

Another suggestion was to have more education for the general public so that they understand how food grows from soil and gets on their table, fostering a sense of people's links to land and to farms and farmers. Revamping the public image of the farmer was also suggested, including promoting farmer of the year. Promoting the environmental benefits of farms, such as healthy, clean air, was offered as a way to make agriculture something people respect.

Better preserving and presenting the history of San Diego County farming was another way to increase awareness of agriculture's important role. Promoting agricultural tourism—an agriculture equivalent to wine country tours—was seen as one option to attract people to both

visit and buy locally. Having farms for families to visit could also prevent what one participant called "nature deficit syndrome." Others also wanted more emphasis on quality of life and health issues, as in new developments in the urban community.

Targeted marketing campaigns—i.e., "It's not how good it looks, it's how good it *tastes*"— were recommended as a way to further encourage people to buy local products. The potential in San Diego County is significant, but more marketing, promotion, and support in general are needed from the county if agriculture's potential is to be truly realized.

Local food security was seen as one issue in need of more attention, especially when more people may be needing or wanting more access to local foods. Help for subsistence farmers was encouraged, as was reassessing the issue of self-sufficiency versus low cost as the sole driver for decision making. One suggestion was to promote emerging organic farms and farmers, especially those growing native and ethnic vegetables. Again, the idea was raised of getting farmers help in developing new crops and new markets. While tax incentives can be good, assistance is often needed to support new ventures *before* the taxable profit is made.

Support for more agricultural research and technology transfer was encouraged, as was the idea of putting more biotechnology energy into agriculture. One final recommendation was to have county agricultural operations move to the North County, to encourage active involvement in and with the community.

### Closing

At about 8:30 pm, the facilitator turned the program back to the representative from the San Diego County Farm Bureau. Larson thanked participants for their attendance and engagement, reminded them of what happens next in the process, and wished them a good evening.

Information from these sessions will be available in November 2005 on the County's new farming program web site, www.SDFarmingProgram.org.

## Valley Center Attendees' Concerns on the Future of Farming in San Diego County LAND USE REGULATIONS

Listed as their #1 concern:

- GP Update equity mechanisms Transfer of Development Rights (TDRs) for all down-zoned property owners, not just "farmers." Use American Farmland Trust to construct a fair and workable "equity transfer mechanism" in the GP Update process. American Farmland Trust itself doesn't have enough money to do this by any stretch of the imagination. Need TDR equity transfer mechanism program for all property owners, not just active farmers!
- Doing away with Ag land use designations in the GP Update. More high and medium land use in primary agricultural areas. Gravel and rock crushing facilities in farming communities.
- Down-zoning from rural to "CC&R" single family homes. Zoned land usage. Land prices up because housing shortage, drives ranchers to sell off land.

- Down-zoning reducing value of property. San Diego County needs to notify land owners by mail regarding regulations and the GP Update Plan; to date, no information has been sent by mail.
- Lack of any equitable transfer of land value for downzoning /upzoning? How will owners of agricultural land not currently commercially farmed be compensated?
- Equity loss from the GP Update down-zoning.
- Land costs and urban encroachment.
- What regulations are going to govern land in future as horse people move from the coast to inland and try to encroach on private land are farmers going to be compelled to give land to them?
- Agricultural lands being sold for development and land use discontinuance of an agricultural designation.
- Need to make agriculture a permanent land use not a holding pattern until real estate speculators, housing advocates, development interests, etc., can get our farmland.
- Conflicting regulations and policies and no one place to go find the answers.
- Lack of streamlined permitting process at an affordable price that allows agriculture an opportunity to prosper and expand in one of the finest growing areas in the world. Coupled with lack of informed county employees on the correct prices to pursue agricultural development, knowing in advance all that existing regulations require to bring a project to completion.
- Regulations and compliance.
- Regulations on property, costs with complying with regulations. Livestock being pushed out
- Definition of "farming." Crops change can the regulations be flexible enough? With land use regulations, can multiple generations occupy the land, i.e., new buildings, homes? Will there be any plan developed concurrent with the GP Update? How can pest be controlled with open borders? Where's the equity mechanism?

### Listed as a secondary concern:

- My land will be taken or severely devalued by down-zoning or environmental regulations.
- GP Update will reduce the value of our property by more than 1/2. At the same time, developers are given permission to build large developments. Example: We have been contacted by the Lilac Ranch project. They want to take/acquire 2 acres of our property so that they can widen the road for their development. It is a dichotomy; the GP Update reduces the value of property, and at the same time, they want to take our land to allow developers to increase density.
- Pre-approved mitigation areas (PAMA) under the pending multi-species conservation plan (MSCP).
- Will the process have an outcome or just more meetings and more dialogue? Will the process result in new taxes?
- Enforcement of violations seems random make an example out of someone. Cost of land land cost makes expansion difficult. Pest infestations.

### **ENVIRONMENTAL REGULATIONS**

Listed as their #1 concern:

- Cost and time and money to comply with all of the regulations, i.e., water program, reporting the use of chemicals
- Clearing land restrictions environmental regulations make it very hard to clear and plant on new land
- Farming does not get to shortcut through the permit process, to avoid the irritating red tape that the environmental regulations are in place to provide as protection for everyone, including the farmers.

### Listed as a secondary concern:

• How interested are the county and people of San Diego in supporting the future of agriculture? Water quality rules for industry being applied to agriculture – onerous and not possible for agriculture to survive.

#### COSTS OF DOING BUSINESS

#### Listed as their #1 concern:

- Cost of starting a small business and difficulty of marketing or selling product
- Costs will prohibit many farming operations in the future. Cost of water, land (competition from developers), complying with regulations, labor difficulties, and increasing takes.
- Crops that make high dollars for small farmers.
- Developers influencing the county to force farmers out by increased utility bills, taxes, and regulations. Water prices and meters on existing wells. Labor costs.
- The cost of farming will continue to rise to a point where farming in San Diego County will not be a viable way to earn a living (water, labor, imports reducing income).
- The economic viability of farming here in San Diego. Costs going up and commodity prices going down, i.e., tree fruit prices going down or stay the same while the cost of water, labor, fuel every input goes up.

### Listed as a secondary concern:

- Cost of doing business on all commodities needed to farm. Products coming from outside the US, i.e., Canada, China, Mexico at cheaper prices.
- Cost of labor and availability of workforce.
- Losing land values from downsizing. Big Brother fees, fees, administrative costs, fees. Losing water to housing.
- If a farmer is good at farming, they will survive. It may not be in San Diego. There is no guarantee that any of us get to stay here doing business as society evolves.
- Cost of water, cost of land, land availability.
- Support is needed for farming in San Diego to meet issue of low cost imports and saving farmlands. The true environmental costs need to be assessed on unhealthy soil management.
- Competition from foreign countries where labor is cheaper and prices are lower. Inadequate supply of farm labor due to high cost of living in San Diego County.
- Costs and time to obtain permits.
- Professionals should be treated like professionals. Farming is a profession and should be treated that way. Farmers that actually make a living in agriculture should be left alone like computer wizards, doctors, lawyers, teachers, etc.
- Cost of productions water, labor. Will it knock out the small farmers? What determines the use of your land and also setting out of land for environmental concerns?

#### LAND AVAILABILITY

Listed as their #1 concern:

• Saving farmlands for local food security and for all to link to land, soil health, soil saving and improvement.

Listed as a secondary concern:

• None posted.

#### **ALL OTHERS**

Listed as their #1 concern:

- Small farms that are old, 30-40 years or more, need to thin the groves. Trees are too tall, too close together and produce poorly. Farmers, in general, do not own the equipment to take care of the problem. Outside companies who do this kind of work are very costly.
- Development of homes coming too close to farms. Normal farming odors usually concern new neighbors and put pressures on farms to use expensive methods to avoid odors.
- "Free Trade" globalization, labor availability, water costs, bureaucracy, environmental concerns, DPLU down-zoning.

Listed as a secondary concern:

- Competition from foreign countries, land for the futures, restrictions on environmental issues, pest control.
- Crop reports, \$ per acre. Reduce regulations on low toxic chemicals. Nurseries are farms. Marketing help for small farmers.
- Endangered species will be found on farmland so the land can't be used for crops. Lack of funding for stopping new pests at the borders. Unrealistic neighbors.

### DRAFT — For Internal Review Only —

### APPENDIX III.

### ADDITIONAL DISCUSSION OF LISTENING SESSION INPUT

To get farmer input and recommendations, AFT and the County organized three listening sessions to learn from local farmers and other stakeholders their primary and secondary concerns about the future of farming in San Diego County. The three listening sessions were attended by more than 100 farmers and other stakeholders and were held in Fallbrook, Ramona, and Valley Center in October 2005.

The listening session attendees wrote their concerns on pieces of paper which were posted for everyone to read and discuss. These concerns were collected by County and AFT staff and are summarized in Section B and reported in full in Appendix II of the Farming Program Plan. Some of the public's concerns relating to land use motivated staff to perform additional research. This appendix provides the most frequently heard concerns and additional discussion based on the results of staff research regarding concerns summarized in Section B of the Farming Program Plan.

### Regulatory Environment and Permitting Process

The Grading and Clearing Ordinance was cited as having a significant impact on hindering the expansion of farms in Unincorporated San Diego County. It should be noted that to assist farmers in the Grading and Clearing Ordinance application process, the DPLU has a staff person dedicated to processing and providing technical assistance with these permits. There is no charge for the initial visit with the coordinator while subsequent visits include an hourly charge.

#### Water

Even though the supply and high costs of water are generally outside the County's authority, the importance of water to the future viability of agriculture cannot be ignored.

### Changing Density

Density and lot size are different things. Density is a General Plan measure for how many houses can land be subdivided into in a certain area and lot size is a zoning method to say how small the lots can be. The one dwelling unit per 20 or 40 acre densities that the GP Update is proposing could change the number of houses someone could subdivide their land into. How much real change depends on a number of factors that come into play during subdivision. Even though the number of subdivided lots a developer could create may change, the GP Update is not proposing to change the lot size in the zone to a 20 or 40 acre zone. The lot sizes may stay the same as today or even be smaller in the future. This is often referred to as decoupling the lot size in the zone with the density in the General Plan. A 20 acre density does not equal a 20 acre lot size. For example, a land owner with 80 acres could divide the land into four lots in the one dwelling unit per 20 acre density. The zone remained two acres. Two lots may be two acres in size, one lot 10 acres, and the final lot, the remaining 66 acres of the parcel. In this way, a farmer could continue farming their land on the larger lot while at the same time creating a few parcels for their children or to sell, and maybe even creating another separate farm with the 10 acre lot.

### Example:

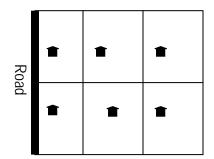
### **Existing General Plan and Zoning**

61 acres

Density: 1 dwelling unit per 10 acres Minimum Parcel Size: 10 acres

Yield: 5-6 homes

(depends on net acreage)



### Proposed General Plan (GP Update) and Zoning

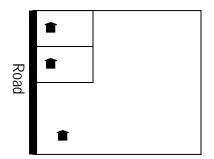
61 acres

Density: 1 dwelling unit per 20 acres

Minimum Parcel Size: 4 acres

Yield: 3 homes

(decoupled lot size = more certainty)



### Results:

The existing regulations may allow more homes on 10 acre lots. The proposed regulations would allow fewer homes on smaller parcels. The proposal would also allow the farmer to preserve a larger area for farming and give the farmer the ability to sell off smaller portions of the farm if needed. Tax savings may also be a result of proposal. The less area devoted to homes equals more room for agriculture.

### Development Pressures and Loss of Equity

The County has attempted to respond to farmers' concerns regarding loss of equity while also protecting land that may be used for future agriculture through this Farming Program Plan. Additional measures are being taken to adjust for some potential losses in land value due to reductions in realizable development potential on agricultural lands. The County has committed to develop and implement a Purchase of Agricultural Easements (PACE) program in conjunction with the GP Update. PACE is described in considerable detail in section C.2.4 of the Farming Program Plan. This type of "equity mechanism" will be designed to allow farmers to maintain the equity in agricultural lands with reduced realizable development potential resulting from the GP Update.

The GP Update attempts to increase opportunities for farming amid increasing competition for land for development and other purposes. One means by which to do this is to limit development potential on lands that are conducive to agricultural uses and that are less ideal for development. The lower densities placed on some lands through the GP Update are intended to reflect the actual land development potential in these locations and to optimize the opportunities for agricultural use in these areas.

Although the County is attempting to preserve agriculture, there is a catch-22 between equity of land and competition for land. One of the ways of preserving agriculture is to apply appropriate densities. The issue is then raised that the land is worth less money if the density (homes per

acre) is decreased. There is a similar argument that the land is more valuable as a residential use than an agricultural use if the density (homes per acre) is high enough. If the growers sell their land, the agriculture is replaced with homes, roads, and landscaping. The attempt to preserve agriculture then fails. Another side of the argument suggests that farming becomes more sustainable when land is valued as farmland than as future residential developments. Property taxes and land values would better reflect agricultural uses instead of skyrocketing housing prices.

#### Environmental Protection

Existing federal and state endangered species acts regulate the ability to "take" a listed species, which includes the harm of the species itself or its habitat. This existing regulatory environment has the potential to make it time-consuming and costly for farmers who wish to clear native vegetation to expand their farmland. To streamline compliance with these federal and state Endangered Species Acts, the County established the MSCP, a comprehensive long-term habitat conservation program, which calls for the creation of habitat preserves and corridors. The creation of MSCP plans enables land owners to comply with the County's pre-established requirements to receive federal and/or state permits to "take" listed species. Rather than undergo a lengthy and costly negotiation of mitigation measures on a case by case basis with the federal and state governments, the goal is for land owners to have a predictable set of mitigation measures from the County that they can follow. Given the existing regulatory environment related to endangered species, the MSCP plays an important role in streamlining many permit processes while protecting San Diego's diversity of native plants and animals.

### No County Agricultural Economic Development Effort

While the FHA/UCCE engages in some agricultural promotional initiatives, such as the *San Diego Grown 365* brand, there remains a notable absence of agricultural economic development in San Diego County, including an office and staff working to support agriculture.

### DRAFT — For Internal Review Only —

### APPENDIX IV.

# 2007 FARM BILL RECOMMENDATIONS FOR COUNTY BY AMERICAN FARMLAND TRUST

#### **EXECUTIVE SUMMARY**

The 2007 Farm Bill offers an unprecedented opportunity to address unmet needs of San Diego agriculture and to realize a fair share of federal agricultural funding. Although 63 percent of San Diego County's farms are between 1 to 9 acres, agriculture is the county's fifth largest industry and contributes over \$5 billion annually to the local economy. San Diego County's unique topography and climate provide farmers with prime conditions for growing high valued crops such as nursery products, floriculture, sod and avocados. These conditions that contribute to the county's agricultural productivity, however, occur in areas of sensitive habitat where biological communities include threatened and endangered plants and animals. As a result, farmers must deal with environmental regulations and fees, and as producers of non-commodities they receive inadequate financial support. These, among other issues, have increased the economic and social pressures faced by San Diego's farmers and have put the future success of the county's agricultural industry at risk.

The County and American Farmland Trust (AFT) have partnered to research how current farm bill policy affects San Diego farmers and to make possible recommendations for reform in the 2007 Farm Bill. This report includes AFT's findings on the situation of San Diego's agriculture and the 2006 Budget Reconciliation Bill. Results from the study determined five federal programs could be expanded to better support San Diego's unique agricultural industry through increased funding and program modifications. In conclusion, this report makes seven program specific recommendations for reform in the 2007 Farm Bill.

### 1. EXPAND AND IMPROVE THE ENVIRONMENTAL QUALITY INCENTIVE PROGRAM (EQIP)

- I. Increase overall funding for EQIP
- II. Improve the Ground and Surface Water Conservation Program by:
  - Prioritizing expenditures for environmental benefits;
  - Increasing funding for Ground and Surface Water Conservation Program;
  - Awarding ranking points to farmers with approved watershed management plans.
- III. Improve EQIP's effectiveness in addressing concerns related to at-risk species by:
  - Setting aside 10 percent of EQIP funds for wildlife-related projects;
  - Prioritizing proposals in which farmers voluntarily restore sensitive habitat areas;
  - Providing flexible regulatory relief for NRCS to work with U.S. Fish and Wildlife Service through Multiple Species Conservation Plan, and ease land-use restrictions for landowners whose actions increase the number of at-risk species on their land.

IV. Reform EQIP's ranking system to acknowledge resources by areas of concern, such as water quality and wildlife habitat restoration, and promote cooperative projects involving multiple producers.

#### 2. INCREASE FUNDING TO THE FARM AND RANCH LANDS PROTECTION PROGRAM

### 3. REFORM THE CONSERVATION SECURITY PROGRAM (CSP)

- Lift the overall cap on spending;
- Provide funding for technical assistance;
- Emphasize to USDA equal importance among air quality, water conservation, wildlife and pest management, and soil and water quality;
- Increase flexibility to address diverse conservation needs among different regions;
   and;
- Remove qualifying limitation of adjusted gross income

### 4. REFORM RESEARCH TITLE (TITLE VII)

- Create Resource Stewardship Applied Research Initiative;
- Fund farmer initiated research and education of water pollution control and conservation; and
- Fund research through state university agricultural extension programs.

### 5. EXPAND SPECIALTY CROP COMPETITIVENESS ACT PROGRAMS

- Fund pest management to include inspection and exclusion, quarantine and eradication:
- Fund research for Integrated Pest Management (IPM), irrigation techniques and environmental quality improvements;
- Eliminate non-tariff barriers to allow greater access to foreign markets;
- Promote consumption of nutritional, fresh food; safe agricultural work environments; direct support of local agriculture; and farm-to-school programs; and
- Provide incentives to specialty crop farmers who incorporate environmentally beneficial practices.

### 6. AUTHORIZE STATE COORDINATED CONSERVATION PLANS

• Establish a procedure for the development and approval of state coordinated conservation plans with meaningful criteria to ensure the program's goals are met and environmental progress is achieved.

### 7. EXPAND THE WILDLIFE HABITAT INCENTIVES PROGRAM (WHIP)

• Increase funding and prioritize projects that assist in the recovery of threatened, endangered and at-risk species.



## 2007 FARM BILL RECOMMENDATIONS FOR SAN DIEGO COUNTY

#### SCOPE OF WORK

Recommendations on what changes, amendments, or new programs need to occur in order for County farms to qualify for additional compensatory programs (such as the 2007 Farm Bill).

#### **CONTACTS**

The following individuals were contacted regarding the use of the farm bill programs in San Diego County:

- Eric Andersen, Seedco Company
- Jason Jackson, District Conservationist
- Eric Larson, Executive Director, San Diego County San Diego County Farm Bureau
- Nicole Martin, Project Manager, Northwestern San Diego County Permit Coordination Program
- Judy Mitchell, Executive Director, Mission Conservation District
- Dawn Nielsen, San Diego County Agricultural Weights and Measures
- Carolyn Remnick, Program Director, Restoration on Private Land, Sustainable Conservation
- Terry Salmon, University of California Cooperative Extension
- Gary Troester, Loan Officer, USDA Farm Service Agency

#### BACKGROUND ON AGRICULTURE IN SAN DIEGO COUNTY

San Diego County, California, is located in the southwestern corner of the United States. It is bordered by the Pacific Ocean on the west, Imperial County on the east, Riverside and Orange counties on the north and Mexico to the south.

Agriculture is the fifth largest component of San Diego County's economy. According to the 2004 Annual Crop Report, agriculture's total economic impact was estimated at nearly \$5.12 billion. These high market values come from specialty markets, which are shaped by a variety of social and economic factors as well as by natural resource factors including soils, topography, climate and water. Among the 200 plus commodities grown in San Diego County, nursery products, floriculture, sod and avocados are number one in California and the nation in production value. In San Diego County, poultry products, fresh market tomatoes, lemons, mushrooms, grapefruit, tangerines, cucumbers and squash rank in the top five statewide in value.

Unique among California's 58 counties, much of San Diego's agricultural production takes place in sensitive habitat and biological communities that include threatened and endangered plants

and animals. Additionally, the vast majority of San Diego's farms are small—very small. Indeed, 63 percent of them are 1 to 9 acres, with the median farm size in the county at 5 acres. An additional 30 percent of the farms are 10 to 99 acres, with the remaining 7 percent 100 acres and larger. This mix of urban setting and sensitive environmental areas, along with a host of associated issues, has placed continuing pressures on the future success of the county's vital farming sector.

### **FINDINGS**

Through our discussions and research, AFT found the current farm bill policy limits the county's benefits in several ways.

First, San Diego County's agriculture is far more diverse than that in other large agricultural states, and its farmers and ranchers face enormous environmental challenges. Because more than three-quarters of federal agriculture spending flows to producers of a handful of commodities, and a much smaller amount is dedicated to assisting farmers and ranchers through farm bill conservation programs, the vast majority of San Diego County's producers receive no federal assistance.

Second, certain provisions of the rules implementing the conservation programs make those programs less effective. For example, the rules for determining rental rates for lands enrolled in the Conservation Reserve Program (CRP) and easement values for lands enrolled in the Wetlands Reserve Program (WRP) make those programs much more effective in areas where land is cheaper and/or the agricultural value of the land represents its full fair market value and not effective in San Diego County where land is expensive and subject to significant development pressure.

Third, conservation programs have traditionally funded basic conservation practices, and approval of new, innovative practices has been slow. Because of the diversity of San Diego County's agriculture and the unique environmental challenges its farmers and ranchers face (e.g., more stringent state and local environmental regulations), farm bill conservation programs must do more to support innovative practices and approaches and cooperative efforts among farmers, including providing the technical assistance necessary to make such efforts successful in achieving real results. The San Diego County Permit Coordination Program in the San Luis Rey and Santa Margarita watersheds is an excellent example.

Finally, the U.S. Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) indicates that while appropriations have increased, participation remains difficult to achieve, particularly in programs that may enhance habitat for threatened and endangered species. Apparently, regulatory inconsistencies and complexity make growers reluctant to apply. For example, the construction of conservation plans can require regulatory approval involving many agencies, such as the U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, California Department of Fish and Game, San Diego Regional Water Quality Control Board and the County. Farmers have neither the time nor inclination to negotiate with multiple agencies and complete the paperwork associated with farm bill programs. Additionally, the requirement for farmers to assume "up front" costs for installing conservation practices has had a chilling effect,

while the fact the programs are cost-sharing and not grant programs has also led to confusion and misunderstanding.

### 2006 BUDGET RECONCILIATION BILL

The annual congressional budget resolution provides a blueprint for all federal revenues and spending over a multi-year period. Although it does not require the President's approval, the budget resolution does establish limits for all discretionary and mandatory spending for the coming fiscal year. Once approved by the Senate and House of Representatives, the discretionary spending total is allocated to the appropriations committees, where it is subdivided among their various subcommittees. The resolution also might require reductions in mandatory spending, particularly in years when the federal deficit is expected to be large.

The Senate concluded its work on the 2006 Budget Reconciliation Bill before adjourning for its winter recess. The bill, which cuts over \$2.7 billion from agricultural programs over the next five years, will head back to the House for a vote.

As proposed, the Conservation Security Program (CSP), the USDA's new "green payments" program that pays farmers to make environmental improvements on working lands, shoulders the bulk of farmland conservation cuts. Proponents of the program had envisioned it as a new sweeping conservation entitlement when it was included in the 2002 farm bill. But its funding has been limited in appropriations bills, used as offsets for emergency spending bills and cut again in this budget reconciliation. The reconciliation conference report would limit the program to \$1.95 billion over the next five years, with the program not exceeding \$5.65 billion in total between 2006 and 2015. The setback would not cut funding below recent appropriations, which have been below the average amount the budget would allow the program for each year. But CSP's proponents have said such cuts could cripple the fledgling program.

The reconciliation conference also cuts the Environmental Quality Incentives Program, which pays farmers for certain conservation practices on farms. It limits the program to \$1.27 billion for fiscal years 2007 through 2009 and \$1.3 billion in fiscal year 2010. Those amounts are just above the amount appropriators have allotted for the program in recent years but are below the farm law's authorized amounts, which were set to increase every year.

The budget also finds other savings by cutting the authorized amounts for mandatory programs that appropriators have not historically funded. Those cuts include the Watershed Rehabilitation Program and the \$23 million renewable energy program. Appropriators have zeroed out the mandatory funds for the programs and allocated some discretionary funds in past years.

The more significant effect of the cuts will not be in appropriations over the next several years but in the next farm bill debate. Although the budget extends some of the existing programs through 2011, there is still opportunity to address farmland conservation program ranking systems, improve funding for wildlife-related projects and to provide the ability to promote cooperative projects as legislators start to consider the 2007 Farm Bill.

2007 FARM BILL INTRODUCTION

The 2007 federal farm bill offers an unprecedented opportunity to address the unmet needs of San Diego agriculture and to realize its fair share of federal agricultural funding. A combination of global trade reforms, budget pressure and growing dissatisfaction with the inequities of current farm policy, all portend significant change when Congress formally takes up the next farm bill. Though the bill's formal development will not occur until next year, Congressional subcommittees are already holding informational hearings and members of Congress are preparing market bills that will shape the debate. However, we must emphasize that the active participation by the agricultural community in these programs is essential not only to the success of the projects they fund but to the expenditure of any increase in allocations. The time for San Diego County to get organized is now.

We believe a new program emphasizing specialty crops, along with reforms to the conservation programs and research titles that we will discuss in the narrative that follows, could help San Diego County receive greater benefits for both producers and the public. Allowing federal farm policy greater flexibility in how reforms are applied on a region-by- region basis would help to meet the needs of San Diego farmers. These reforms could be packaged and introduced as a bill that will help shape the debate in California's favor as the House and Senate Agriculture Committees begin work on the 2007 Farm Bill.

### CONSERVATION TITLE (TITLE II) REFORMS

### A. Expand and Improve the Environmental Quality Incentives Program

The Environmental Quality Incentives Program (EQIP) is the largest conservation program in both California and San Diego County. It shares the cost of a wide range of structural and management practices to enhance environmental quality on working lands. For 2006, California is receiving the second highest amount of EQIP funding (behind Texas).

As the following chart demonstrates, San Diego County allocations for the EQIP have greatly increased since 1997. Though appropriations have risen from \$129,000 in 1997 to \$1.152 million in 2005, only 16 farmers in 2005 elected to apply and all received funding.

Farm Bill Funding San Diego County									
Program/Date	1997	1998	1999	2000	2001	2002	2003	2004	2005
EQIP	\$129,000	\$61,000	\$99,000	\$108,000	\$95,000	\$96,000	\$928,000	\$898,000	\$1,152,000
WHIP	\$10,000	\$10,000	\$104,000		\$40,000		\$93,000		
CRP		\$9,000							
FRPP								\$233,000	
EQIP = Environmental Quality Incentive Program CRP = Conservation Reserve Program									

FRPP = Farm and Ranch Lands Protection Program

Figures provided by Jason N. Jackson, District Conservationist, Natural Resources Conservation Service, Escondido, California

### 1. Increase Funding

WHIP = Wildlife Habitat Improvement Program

The 2002 Farm Bill provides \$1.2 billion for the EQIP in fiscal year 2006, plus an additional \$60 million for the Ground and Surface Water Conservation Program. Nationally, the EQIP had an application backlog of over \$2 billion at the end of fiscal year 2004. The EQIP continues to be the most popular conservation program used in San Diego County. Even though all of the San Diego county applicants received funding in 2005, there has been a backlog of applications due to inconsistent funding in previous years. As a result, over the years many farmers have become discouraged and have lost interest in resubmitting their applications. We recommend language to increase the overall funding for the EQIP as it would be well utilized by San Diego County farmers.

### 2. Improve the Ground and Surface Water Conservation Program

Sixty million dollars of EQIP funds are devoted purely to ground and surface water conservation each year. In addition to increasing this amount in the new farm bill, we believe it is critical to reform this EQIP subprogram to ensure that proposed projects are ranked according to the extent to which they enhance in-stream flows or provide other specific environmental benefits (such as enhancing wetlands or recharging aquifers). Currently, EQIP ranking criteria give extra points to producers who reduce water use by 25 percent, regardless of whether the conserved water will be returned to rivers or streams or used to provide some other environmental benefit. Under the EQIP rule, producers receiving funds to improve irrigation efficiency are supposed to realize a net reduction in consumptive use of water, but this provision has not been consistently enforced. In theory, producers can conserve water using EQIP funds and then sell that water to another producer or use it to put fallowed land back into production. The statute should prioritize expenditures to ensure funds spent under this subprogram produce environmental benefits, thereby reducing regulatory or other pressures on producers.

The Ground and Surface Water Conservation Program has not benefited any farms in San Diego County due to a lack of funding. Therefore, we recommend language increasing the amount of funding for the Ground and Surface Water Conservation Program. As part of efforts pursued under the Costa-Machado Water Act of 2000 (Proposition 13) for watershed planning and other water quality projects, the County was given the responsibility of developing comprehensive watershed management plans for the Santa Margarita, San Diego River, Otay and Tijuana River watersheds. The plan components include developing a watershed management workgroup, stakeholder database, watershed resources inventory, watershed analysis and management goals, strategies and activities. The plans are currently in the process of identifying and collecting data. With the development of the watershed manage-ment plans, the County will have a comprehensive approach to the protection, enhancement and restoration as well as the uses of surface and groundwater (quality and quantity), floodplains and estuaries within each watershed. Finally, we would also recommend those with approved watershed management plans receive extra ranking points.

## 3. Improve the EQIP's Effectiveness in Addressing Concerns Related to At-Risk Species

Although the NRCS has made at-risk species a national priority for the EQIP, little of the program's funding to date has been dedicated to projects focused on conserving and improving habitat for at-risk species; that has hurt San Diego County where at-risk species are a significant concern. San Diego County is known nationwide for the tremendous diversity of its plants and animals and the number of species that are considered rare or endangered.

The County has adopted a South County Multiple Species Conservation Program (MSCP) Subarea Plan and is currently working on establishing a North County MSCP Plan anticipated to be completed in Spring 2007. An East County MSCP Plan, which will provide coverage for threatened and endangered species for the rest of the Unincorporated county, will be completed by 2008. The goal of the MSCP is to maintain and enhance biological diversity in the region and maintain viable populations of endangered, threatened and key sensitive species and their habitats. A major effort involved in the preparation of the North County MSCP Plan is to identify and evaluate promising programs or grants that will provide meaningful incentives to the agricultural community to encourage species and habitat conservation on working landscapes while providing regulatory relief.

The EQIP reforms in the 2007 Farm Bill should include an annual set-aside of 10 percent of EQIP funds for wildlife-related projects. Priority should be given to proposals that help producers willing to take voluntary action to restore habitat for federal- and state-listed species and other sensitive species on their land. The bill should also allow flexibility for the NRCS to work with the U.S. Fish and Wildlife Service and provide regulatory relief through the MSCP Plans and/or safe harbor agreements. This would assure landowners that they would not incur additional restrictions on the use of their lands if populations of at risk species increase as result of their actions.

### 4. General EQIP Reforms

EQIP implementation in the last several years has been hampered by mechanically flawed ranking systems that make it difficult to fund true priorities. In particular, many states have used ranking systems that compare all proposals addressing all kinds of concerns against each other, resulting in a complicated comparison of apples and oranges that makes intelligent prioritization difficult.<sup>1</sup>

While the NRCS is making progress on administrative efforts to improve ranking systems, we believe that statutory language requiring proposals to be ranked separately by resources of concern—such as water quality and wildlife habitat restoration—would significantly improve the EQIP's effectiveness.

In addition to improving ranking systems, the EQIP should be reformed to promote cooperative projects involving multiple producers and projects demonstrating innova-tive technologies and approaches, including but not limited to water quality. These goals could be accomplished with bill language requiring that cooperative and demon-stration projects receive more weight in ranking systems and/or through modifying national allocation criteria to award additional funding to states that do the best job of promoting innovation, cooperation and demonstration projects through the EQIP.

#### B. Expand the Farm and Ranch Lands Protection Program

Few issues are more important to San Diego agriculture or to the state generally than the conservation of farm and ranch land in the face of extraordinary development pressure. The Farm and Ranch Lands Protection Program (FRPP) provides matching funds to help purchase development rights from willing landowners to keep productive farm and ranch land in agricultural use. The 2002 Farm Bill provided, on average, \$100 million a year for the FRPP. As with other farm bill conservation programs, the FRPP is seriously oversubscribed, with a backlog of over \$100 million nationally last year, and should be a top priority for increased funding.

If San Diego County should pursue a program to purchase "development rights," which already has been endorsed by the agricultural community, it would make the county and participating property owners eligible to receive federal funding from farm bill programs established to achieve land preservation, allowing the county to leverage and offset its investments in such a program.

It is possible that these farm bill programs could be adjusted or reformed to provide equity protection to farmers facing property downzoning, to assist in the development of habitat corridors, or to move density from rural/farm properties to urban growth centers.

In 2004, the Tierra Miguel Foundation and the Fallbrook Land Conservancy received funding from the FRPP and the California Farmland Conservancy Program (CFCP) to complete the first agricultural conservation easement in San Diego County. The FRPP and CFCP matched funds to cover the \$475,000 easement value on the 85-acre organic farm. This farm is located in an agricultural area faced with increasing development pressure from the high demand for residential estate homes. This competition for land is seen throughout San Diego County and has caused land values to become very high. The higher land values often result in higher easement values and the need for increased funding for the FRPP.

#### C. Reform the Conservation Security Program

The Conservation Security Program (CSP) links payments to environmental performance. San Diego farmers and ranchers are uniquely positioned to take advantage of an uncapped environmental entitlement program because its farmers are being asked to provide more environmental benefits than many other farmers. In return, farmers are paid for habitat-friendly practices they may already be doing.

Established in the 2002 Farm Bill, the program is currently only available in a few areas of the country, but is expected to expand nationwide. Under the program, farmers in San Diego County would need to develop a conservation stewardship plan that outlines the conservation and

environmental benefits that the land will provide while enrolled in the program. They could then choose to participate at one of three tiers. The highest tier would require the greatest commitment to conservation but would also receive the higher payment rates. This may have application for farms within the areas designated by the MSCP.

Because the CSP is still under development nationally and in California, we only propose that initial legislation do the following:

- Lift the overall cap on spending;
- Include some modest reforms related to the funding of technical assistance;
- Clarify that air quality, water conservation, wildlife and pest management are resources
  of concern of equal importance to the USDA as soil and water quality; and
- Be flexible to meet the needs of each region and sub-region.

#### REFORM OF ELIGIBILITY RULES

The 2002 Farm Bill included a new eligibility rule for conservation programs that is unfair to California and San Diego farmers and should be changed. This provision, known as the adjusted gross income (AGI) limitation, prevents producers who earn more than \$2.5 million a year from receiving benefits (including conservation as well as commodity payments) under the 2002 Farm Bill, unless at least 75 percent of their income is derived from farming, ranching or forestry operations. This may be a reasonable rule for commodity programs but is a terrible disincentive to landowners in many states to participate in conservation programs, which were designed to give producers, regardless of size, incentives to provide additional public goods. The AGI limitation applies to individual shareholders of corporations and partnerships, so for farms and ranches that are structured in those ways, the burden of collecting and providing confidential income information is enough to discourage such operations from participating in conservation programs they view as a public service. In San Diego County, where land values are so high, farmers grow high-value crops, and many producers have off-farm income, the AGI limitation is a major problem. The AGI limitation should be changed so that it does not apply to conservation programs.

#### RESEARCH TITLE (TITLE VII) REFORMS

Agriculture in San Diego County and California faces a range of challenges in meeting stringent water quality and water conservation goals and new air pollution requirements. These challenges come at a time when the University of California Cooperative Extension Service has been dramatically reduced. While other farming regions have not yet faced some of the environmental quality challenges of California's farmers, especially those in San Diego County, as the nation's population grows and demands on resources become greater, these challenges are likely to face other farmers in other regions. Thus, it is prudent for the USDA to provide assistance to California farmers to find practical solutions that, ultimately, will be used by farmers across the country. When farms implement these solutions, the surrounding communities also benefit, with better air and water quality and with healthier local economic bases.

This assistance can be offered through the 2007 Farm Bill by creating within Title VII the Resource Stewardship Applied Research Initiative. This initiative would provide mandatory

funds for fiscal years 2007 through 2012. The funding would be used to create and disseminate applied research to help farmers meet water pollution control and water conservation goals. The funds would go to agriculture extension researchers associated with state-supported institutions of higher education.

#### **SPECIALTY CROPS**

With an agricultural production value over \$1.4 billion in 2004, San Diego County's farm economy is 8<sup>th</sup> largest among the state's counties and 12<sup>th</sup> among all counties in the country. There are over 200 different agricultural commodities grown in the county on 5,255 farms, the third highest number of farms compared to all counties in the United States. Interestingly, this agricultural activity takes place in one of the most rapidly urbanizing areas of the nation, primarily on farms that are 10 acres or less in size. Recognizing the importance of San Diego County's high-value specialty crops is essential for its long-term sustainability. The 2007 Farm Bill provides an opportunity to develop programs that benefit specialty crops in San Diego County.

After passage of the 2002 Farm Bill, several specialty crop associations collaborated to develop a vision to organize their industry. Their efforts were rewarded with the enactment of the Specialty Crop Competitiveness Act of 2004. The organizers behind this bill included the produce and wine industry associations working in cooperation with NFACT, a coalition of state departments of agriculture from New Mexico, Florida, Arizona, California and Texas formed in 1999 to promote federal policy that better serves states with significant specialty crop industries.

As introduced, the bill sought \$500 million annually for a state specialty crop block grant program to support research, marketing, conservation and other programs. The final law authorized only \$54.5 million per year, which was decreased to \$7 million in the most recent budget reconciliation. Although the funding did not meet their expectations, the industry members were encouraged by the passage of this bill and have positioned themselves for the 2007 Farm Bill. In May 2005, a group of 18 specialty crop associations from every region of the country formed a Farm Bill Working Group to develop policy positions for the 2007 Farm Bill debate. Since that time, this working group has grown to roughly two-dozen organizations.

Among the 2007 Farm Bill specialty crop policy priorities that could benefit San Diego County is pest management. Inspection and exclusion, quarantine, and eradication programs are essential government functions that the industry desperately wants to see adequately funded. The 2004 specialty crop law established a new Pest and Disease Response Fund.

Appropriations for this fund are yet to be forthcoming. Securing funding for this type of program will be a high priority for the industry. With over 62.4 million crossings reported from San Diego County's three border stations last year, and 40 percent of California's inbound nursery shipments destined for and inspected in San Diego, pest exclusion is especially critical for the protection of agriculture. Available state funding for high-risk exclusion, however, has decreased from \$730,000 in 2003/04 to \$51,680 in the current budget. The most recent Mexican fruit fly quarantine in San Diego County cost the growers \$5 million in lost revenue, and carried a government price tag of \$22.4 million to eradicate the pest. An adequately funded pest exclusion program would reduce the potential impact of San Diego County's extensive nursery exports

upon agriculture throughout California. Additionally, excluding and controlling pests and diseases is not only important to the industry bottom line but can help limit chronic use of pesticides and thereby help the environment.

Basic research into integrated pest management, new irrigation techniques and other issues that can help the industry protect the environment and improve productivity are important for every sector of the specialty crop industry in San Diego County. Technical assistance, provided under the research title, would help specialty crop farmers take advantage of research results. It would also be helpful in San Diego County to see a greater share of research funds distributed according to the needs of regionally appropriate studies.

Greater access to foreign markets would also benefit San Diego County farmers. The biggest impediment to expanding foreign markets for U.S. specialty crops are non-tariff barriers such as unjustified phyto-sanitary regulations and inadequate trade agreements covering the most desirable markets in Asia and Europe. To create more favorable export opportunities, the specialty crop industry would need government help, mostly to break down these barriers to exports.

The new Farm Bill offers the opportunity to let San Diego farmers and their products continue playing an identifiably positive role in the lives of people in San Diego County, California and around the world. It can do this through measures within the bill that would ensure better nutrition for all by promoting consumption of fruits and vegetables and other healthy foods, safer workplaces for farm families and agricultural employees, and closer connections between farmers and consumers through farmers' markets, farm-to-school programs and other innovations.

The growing public demand for conservation and environmental quality is expected to continue. A federal Farm Bill offers the opportunity to reward specialty crop farmers who engage in practices that have positive and recognizable environmental benefits. It can do this through measures within the bill that would ensure greater funding for conservation programs that help and reward San Diego County farmers who demonstrate good stewardship; better access to EQIP funds for clean water runoff regulations, wildlife habitat protection, and farmland conservation; and grant and loan programs that are needed for investment in the industry.

#### OTHER PROGRAM RECOMMENDATIONS

The following is a discussion of additional suggestions for federal farm policies that may be of some benefit to San Diego County.

#### A. Authorize State Coordinated Conservation Plans

To ensure that San Diego County's needs are effectively met by all the farm bill conservation programs, we suggest legislation authorizing state coordinated conservation plans. Title II, Subtitle A, Section 2003 of the 2002 Farm Bill authorizes the Agriculture Secretary to enter into stewardship agreements with local governments and to designate special projects to enhance assistance provided to owners, operators and producers "to address natural resource issues related to agricultural production." This program has become known as "Super CREP" and it

enables specific areas to become designated as special projects that have access to a certain portion of funds from several different Farm Bill programs.

The Super CREP allows states to target federal dollars to state priorities and leverage them effectively with state and local resources. A provision authorizing state coordinated conservation plans would do the same; only it would apply to all conservation programs. The bill should establish a procedure for the development and approval of state coordinated conservation plans with meaningful criteria (as with the Super CREP) to ensure that the goals of the program are met and environmental progress achieved. For example, states should have to demonstrate that funds expended through coordinated conservation plans will result in greater environmental benefits than would be achieved otherwise and that non-federal sources will cover 20 percent of the overall costs of the proposal. A certain percentage of the USDA's conservation program spending each year should be reserved for matching the non-federal share of state coordinated conservation plans as these plans are approved.

Recognizing San Diego County's leadership and success with the South County MSCP Subarea Plan and its proposed North and East County MSCP Plans, a program authorizing the leveraging of federal dollars through state coordinated conservation plans could help solve many of the environmental problems facing the county. It may allow the County to modify or waive administrative requirements of programs when those requirements would otherwise make the programs unworkable in the County. It would also provide a mechanism for pooling resources and for coordinating the delivery of technical assistance, including a greater role for university extension personnel and researchers. The County would be particularly well positioned to take advantage of this program because it imposes higher environmental expectations on its agricultural producers than other states, and it also has the resources to provide the non-federal match and do so effectively.

Moreover, the County may wish to consider developing a Super CREP project that targets the goals and objectives of the MSCP and its habitat conservation plans.

#### B. Expand the Wildlife Habitat Incentives Program

The Wildlife Habitat Incentives Program (WHIP) is a voluntary program for landowners and others who want to develop and improve wildlife habitat on their land. Through the WHIP, which was reauthorized by the 2002 Farm Bill, the NRCS provides both technical assistance and up to 75 percent cost-share assistance to establish and improve fish and wildlife habitat. The NRCS has used this program recently to help landowners and others with voluntary efforts to restore habitat for salmon in California and five other states.

This program was not utilized in San Diego due to a lack of funding in 2004 and 2005. However, there is interest to participate in this program if funding became available. We propose increasing the funding and modifying the program to ensure that priority is given to projects that assist in the recovery of threatened, endangered and other at-risk species, thereby relieving regulatory pressures on agricultural producers and other landowners. WHIP has the potential to partner with farmers to assist in the recovery of endangered, threatened and sensitive species. It could greatly assist in building our MSCP preserves.

#### **CONCLUSION**

The conservation programs in California have not adapted to the changing needs of San Diego producers who must now comply with new regulations to protect wildlife habitat and water quality. More than ever, San Diego County farmers need to demonstrate successes in solving environmental problems to reduce current and future environmental liabilities. The 2007 Farm Bill must invest greater funding in reform policies for conservation programs and research titles that help and reward growers who demonstrate good stewardship. In addition, specialty crops account for the majority of San Diego County's agriculture output, but the needs of these farmers have been largely unmet in previous farm bills. A federal farm bill acknowledging specialty crops' importance in this country could focus on research and pest management, foreign market access, nutrition, environmental compliance and farmland conservation.

#### ATTACHMENT A TO 2007 FARM BILL RECOMMENDATIONS

The following is a brief description of the sources of federal funding currently available under the farm policy.

#### **Conservation Reserve Program**

The Conservation Reserve Program (CRP) is administered by the Farm Service Agency (FSA) to encourage farmers to convert highly erodible cropland and other environmentally sensitive land to vegetative cover such as wildlife friendly cool season grasses or native grasses, wildlife plantings, trees, filter strips, habitat buffers or riparian buffers. Authorized by the 1985 Farm Bill, the CRP is one of the nation's oldest conservation programs. Participating landowners receive annual rental payments for the term of their 10- to 15- year contracts. The CRP provides cost-share funding for the installation of approved vegetative practices on eligible cropland. Eligible land must have a weighted average erosion index of eight or higher and been planted to an agricultural commodity four of the six previous years. Land also can be classified as marginal pastureland for riparian buffer enrollment. Sign-ups for environmentally sensitive land devoted to certain conservation practices occur on a continuous basis.

For more information about the Conservation Reserve Program, contact your local Farm Services Agency office or USDA Service Center.

### **Conservation Reserve Enhancement Program**

The Conservation Reserve Enhancement Program (CREP) is a variation of the CRP implemented in 1997 that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat and safeguard ground and surface water. Also administered by the FSA, the program requires landowners to make a 10- to 15-year commitment to keep their land out of agricultural production. In addition to an annual rental rate, the CREP provides cost-share assistance of up to 50 percent for the installation of certain conservation practices.

For more information about the Conservation Reserve Enhancement Program, contact your local Farm Services Agency office or USDA Service Center.

#### **Conservation Security Program**

The Conservation Security Program (CSP) is a new program established in the 2002 Farm Bill to provide financial and technical assistance to support conservation efforts on private agricultural land. Currently available in select areas of the country, the NRCS hopes to implement the CSP as a nationwide program over the next several years. The program helps producers maintain existing conservation practices and encourages them to implement new practices that will provide additional levels of conservation benefits. All participants must develop a conservation stewardship plan that outlines the conservation and environmental benefits that the land will provide while enrolled in the program. Producers choose to participate at one of three tiers. Higher tiers require a greater commitment to conservation but also offer higher payment rates. All privately owned land that meets established soil and water quality criteria is eligible.

For more information about the Conservation Security Program, contact an NRCS representative at your local USDA Service Center.

#### **Debt for Nature**

Although this program has not been utilized in San Diego to date, the Debt for Nature program is available to landowners with FSA loans secured by real estate. The program reduces a borrower's debt in exchange for a conservation contract with a term of 10, 30 or 50 years. Participants may not develop land placed in the Debt for Nature program, use it to raise livestock or for agricultural production. Eligible lands include wetlands, highly erodible lands and areas of high water quality or scenic value.

For more information on land eligibility and application procedures, contact your local Farm Services Agency office or USDA Service Center

#### **Emergency Watershed Protection**

Created by the 1996 Farm Bill, the purpose of the Emergency Watershed Protection Program (EWP) is to respond to emergencies caused by natural disasters. The program has two components. Under the cost-share component, the NRCS provides communities or local sponsors with up to 75 percent of the funds needed to restore the natural functions of the watersheds. Projects on private land require a sponsor from state, county or city government. The EWP program also has a floodplain easement component under which landowners sell the NRCS a permanent conservation easement. The easement allows the NRCS to restore the natural functions of the floodplain. In order to be eligible for an EWP easement, land must have been impaired from flooding during the past 12 months or have a history of repeated flooding. Landowners, with permission from the NRCS, may continue to use the land for haying, grazing, and managed timber harvests. In San Diego County, a special allocation of \$1.2 million was made in response to fires that burned vast amounts of acreage in three Southern California counties. The funds were used to remove trees damaged by the fire and trees dying from drought and bark beetle infestation on private property.

For more information about the Emergency Watershed Protection, contact an NRCS representative at your local USDA Service Center

#### **Environmental Quality Incentives Program**

The NRCS Environmental Quality Incentives Program (EQIP) pays a certain percent of the cost for producers to implement structural and management practices on eligible agricultural land. In San Diego County, Limited Resources Producers can receive up to 90 percent while Beginning Farmers receive up to 75 percent. All other producers are paid up to 50 percent. Authorized by the 1996 Farm Bill, the EQIP is open to any producer engaged in livestock or crop production. The EQIP provides technical and financial assistance to producers to plan, design and install conservation practices that have been approved for use in the local area.

For more information about the Environmental Quality Incentive Program, contact an NRCS representative at your local USDA Service Center.

#### Farm and Ranch Lands Protection Program

The Farm and Ranch Lands Protection Program (FRPP) provides matching funds to help purchase development rights on productive farm and ranch lands. Originally authorized as the Farmland Protection Program in the 1996 Farm Bill, it became the Farm and Ranch Lands Protection Program in the 2002 Farm Bill. In order to qualify, landowners must work with state and local governments or non-governmental entities to secure a pending offer with funding equal

to 50 percent of the land's fair market easement value. The FRPP can provide the remaining 50 percent for qualified applications. Only parcels large enough to sustain agricultural production are eligible. Participants must develop a conservation plan that outlines the management strategies that they propose to use on the enrolled land.

For more information about the Farm and Ranch Lands Protection Program, contact the NRCS state office in Davis, California.

#### Wildlife Habitat Incentives Program

Authorized by the 1996 Farm Bill, the Wildlife Habitat Incentives Program (WHIP) provides cost share assistance and technical assistance to develop and improve habitat for fish and wildlife on private land. Landowners work with the NRCS to create wildlife habitat development plans that list the goals and practices needed to improve wildlife habitat. As part of their habitat development plans, landowners agree to implement habitat practices and maintain the enrolled acreage for a period of five to ten years. In exchange, the NRCS provides up to 75 percent in cost-share assistance to implement the plans.

For more information about the Wildlife Habitat Incentives Program, contact an NRCS representative at your local USDA Service Center.

## **DRAFT** — For Internal Review Only —

### APPENDIX V: INNOVATIVE PROGRAMS

# SAMPLING OF INNOVATIVE AGRICULTURAL PROGRAMS AND POLICIES FROM AROUND THE NATION

A host of agricultural programs and policies around the nation and in California are working to stimulate and maintain the economic viability of agriculture on the state, regional, county or municipal levels. American Farmland Trust (AFT) has identified a sampling of policies that could help sustain agriculture in San Diego County.

Among the programs and policies listed, please note the two descriptions under the heading "Ombudsperson." This individual, independent of county agencies, could assist farmers through the permit and regulatory process and provide oversight for streamlining the processes, or assist in the implementation of an agricultural economic development strategy. To heighten the visibility of San Diego County's agriculture and to gain efficiencies of resources available to farmers, we also direct your attention to the development of a "one-stop" agricultural center similar to the centers described in Stanislaus and Tulare counties.

The following is a list of ideas for San Diego County agriculture. It is organized alphabetically, not in order of priority. AFT suggests using this as a starting point for discussing programs and policies to incorporate into the Farming Program Plan.

#### AGRICULTURAL CENTERS

#### California – One Stop Centers

Stanislaus County Agricultural Center - (<a href="http://cestanislaus.ucdavis.edu/Custom%5Farming">http://cestanislaus.ucdavis.edu/Custom%5Farming</a> Programrogram/). Located in Modesto, California, the Ag Center opened in 1998 and houses the University of California Cooperative Extension Stanislaus County office, the Department of Environmental Resources, the Agricultural Commissioner's Office, Milk Advisory and the California Department of Food and Agriculture. The central location facilitates communication among the different agencies and provides a one-stop shop for the agricultural community from technical assistance to regulatory obligations. The Ag Center also features Harvest Hall, a meeting facility capable of seating audiences of 10 to 200 and a computer room. Harvest Hall is available for meetings and trainings.

**Tulare County Agricultural Building** — (<a href="http://cetulare.ucdavis.edu/update/ahead.htm">http://cetulare.ucdavis.edu/update/ahead.htm</a>). In 2001, Tulare County opened the Agricultural Building to house University of California Cooperative Extension Tulare County and the Agricultural Commissioner/Weights and Measures office. The concept is to develop an "Ag Center" that is a central location for agricultural agencies, meetings, and other activities with an agricultural focus. Located next door to the Ag Building is another part of this concept — the International Agri-Center. The Agri-Center is home to the "world's largest" agricultural exhibition and numerous other agricultural events, the Heritage Center, the Antique Farm and Equipment Museum, Ag Ventures! Learning Center, and a meeting and events center. Southern California Edison's (SCE) Agricultural Technology

Application Center (AgTAC) also is next door to the Ag Building. AgTAC works with agricultural businesses to increase energy efficiency.

#### AGRICULTURAL ECONOMIC DEVELOPMENT

#### County-Level Programs

#### Hillsborough County, Florida

www.hillsboroughcounty.org/econdev/agriculture/home.cfm

In 1995, the Hillsborough County Commissioners created the Hillsborough County Agriculture Task Force and charged them with assessing the state of the agricultural industry and developing recommendations and an action plan to ensure the continued existence and expansion of the county's agriculture. Over the ensuing two years, the Task Force examined all relevant issues pertaining to agriculture in the county including land, water, economic impact, regulatory impacts and impediments, and sustainable communities. This comprehensive analysis resulted in several new initiatives and actions to preserve agriculture in the county including a description of the following:

• Economic - Due to the significant economic impact of agriculture (\$668 million in sales) and its prominence in the local economy, the Task Force called for an Agriculture Industry Development Program to be developed. The resulting program works to improve the economic sustainability of agriculture through minimizing the detrimental impact of regulatory processes, increasing marketing options, value-added processing, alternative crops, capital financing opportunities, and by promoting the expansion and relocation of agribusiness firms to Hillsborough County.

#### Loudoun County Virginia, Rural Economic Development Plan

Loudoun County, Virginia

http://www.loudoun.gov/business/rural.htm

In 1997, the Loudoun County Board of Supervisors formed a Rural Economic Development Task Force to: "Construct a Rural Economic Development Plan that fosters economic growth that is compatible with preservation of natural resources, that strives for a high value of agricultural production that may be different from traditional agriculture, that supports the equine and tourism industries, that maintains high quality farmland, and that recognizes the need for continued low density planned residential growth." The adopted goal of the task force was to create a plan to double the value of Loudoun's rural economy over a 10-year period. Services offered through the county's Agricultural Development Office congruent with this goal include farm business planning, farm tours, guides to county farm products, a wine trail and promotion of the county's equestrian industry. The success of this program has not been comprehensively assessed as of the writing of this report, however, extensive data regarding program activities over the past ten years is available online.

## Washington and Saratoga Counties, New York, Agricultural Economic Development Program (AEDP)

Washington and Saratoga counties, New York

http://www.cce.cornell.edu/~washington/AEDP/aedp.html

The AEDP in Washington and Saratoga counties was set up to "retain existing agricultural businesses and to increase agricultural viability and profitability in both counties." This program

connects farmers to grants and other financial resources, organizes farm tours, guides and other farm events. AEDP is also working on bringing more livestock processors into the region to benefit local producers and on making the connection between farmers and chefs.

#### Regional-Level Programs

#### **Community Involved in Sustaining Agriculture (CISA)**

Western Massachusetts

http://www.buylocalfood.com/

The CISA campaign promotes 129 local farms and their products in Western Massachusetts through comprehensive marketing efforts aimed at reaching significant numbers of consumers. The program began in July 1999 and has used newspaper and radio ads, busboards, direct mail, point of purchase materials at grocery stores, newspaper articles and television news stories, a Web site and promotions at county fairs, food festivals, farm tours and events to market locally produced farm products. CISA is an independent, non-profit organization funded by a mix of foundations and community businesses. Farm members reported increases in sales after marketing efforts began.

#### **Puget Sound Fresh**

Seattle region, Washington

http://dnr.metrokc.gov/wlr/farms.

Puget Sound Fresh was created by the King County, Washington, Agricultural Commission to encourage consumers, wholesalers, retailers and restaurants to purchase locally grown agricultural products. The Seattle metropolitan counties of King, Snohomish, Pierce and Kitsap support this effort, and products from a 12-county region are eligible to participate in the program. Branding of products with the label "Puget Sound Fresh, good for all of us" has been a key component of this program, which is housed in the King County government. Marketing efforts include a Web site, farm and farmers' market guide, farm tours and cooking classes.

#### Watershed Agricultural Council (WAC)

Catskill region, New York, including farms in Delaware, Schoharie, Green, Ulster, Dutchess, Westchester, and Putnam counties

http://www.nycwatershed.org/

The WAC is a nonprofit organization funded by New York City, the USDA Forest Service and other federal sources with the mission of supporting the economic viability of agriculture and forestry by protecting water quality in the New York City watershed area. The WAC uses a broad range of programs to achieve this goal. To address environmental impacts, WAC staff work with farm and forest landowners to develop plans addressing water quality issues and to implement best management practices. Preservation of agriculture and forestry land is accomplished through a conservation easement acquisition program (PDR program). Economic initiatives include grants for forestry businesses, market development for agricultural products, a fresh and local foods promotion campaign and a farm beautification program.

#### State-Level Program

**Massachusetts Farm Viability Enhancement Program** 

Massachusetts, statewide

http://www.mass.gov/agr/programs/farmviability/

The Massachusetts Farm Viability Enhancement Program provides a team of business consultants and \$20,000–\$40,000 grants to farmers who qualify for the program and agree not to develop their land for five to 10 years. Consultants work with the farmer to develop business plans that suggest ways to increase on-farm income through improved management practices, diversification, direct marketing, value-added ventures and agritourism. The plan will also make recommendations on environmental and resource conservation practices for participating farms.

#### AGRICULTURAL LEADERSHIP

#### Agricultural Leadership Program

### Kent County, Maryland, Agricultural Advisory Committee

Kent County, Maryland

Kent's Agricultural Advisory Committee consists of one farmer from each of the county's seven election districts. The commissioners appoint members to five-year terms. The committee was formed by legislation in the early 1980s and gave the farm community a direct voice to elected officials. The committee advises county commissioners on all issues affecting agriculture in the county. Recent involvement has included development issues, re-writing right-to-farm laws and managing sewage sludge.

#### **MITIGATION**

#### Agricultural

#### **Available mitigation measures**

Mitigation measures that are available can substantially reduce the site-specific and cumulative impacts of farmland conversion. The implementation of some measures may require the development of ordinances, policies or programs. Various other jurisdictions have explored potential mitigation measure options such as:

- Protection of Other Farmland Require project proponents to place an agricultural conservation easement, Farmland Security Zone Contract, or other form of long-term preservation on farmland of equivalent quality as a condition of project approval. Implementation of this mitigation measure requires the existence of a program that sets up the framework for the preservation.
- Agricultural Conversion Policies Establish policies and procedures for evaluating the impacts of a project on agriculture and applying these policies consistently to minimize the conversion of prime and important farmland.
- Mitigation Fees for Conversion of Prime Farmland Require project proponents to pay a peracre mitigation fee to be used for the acquisition of agricultural conservation easements or other long-term farmland protection tools on farmland in another location. Implementation of this mitigation measure requires an ordinance.
- Direct Growth Away from Prime and Important Agricultural Lands- Require project proponents to evaluate mitigation measures and alternatives that would direct growth toward less productive agricultural land and minimize the loss of prime and important farmland.
- Buffer Zones on the Urban Fringe Establish policies and procedures for a minimum setback from the Planning Area boundary for a buffer zone between agricultural and urban development as a condition of project approval. Require project proponents to pay for establishment and maintenance of this buffer zone.

#### Davis, California

In 1995, the City of Davis, located in Yolo County, established an agricultural mitigation requirement through an article amendment to its "Right to Farm and Farmland Preservation" ordinance. Adopting a "no net loss of farmland" approach, the Davis ordinance requires developers to permanently protect one acre of farmland for every acre of agricultural land they convert to other uses. The purpose of the article is to implement the agricultural land conservation policies contained in the Davis general plan with a program designed to permanently protect agricultural land within the Davis planning area for agricultural uses.

#### Brentwood, California

The City of Brentwood, located in agriculturally rich northwest Contra Costa County, responded to current and predicted population growth by appointing an Agricultural Enterprise Committee, made up of farmers, developers and others, to advise the city on the means to protect and enhance agriculture in the area. Among the implemented recommendations, the use of agricultural conservation easements to permanently protect farmland was the centerpiece of the program. The program uses both a mitigation program, in which developers have the choice of either purchasing a conservation easement over an equivalent acreage or pay an in-lieu fee per acre, and a transferable agricultural credits system. The city also created a land trust to hold the easements.

#### PLANNING AND ZONING

#### Agricultural

#### Polk County, Oregon

Polk County's Exclusive Farm Use Zoning District was established "to conserve agricultural lands, consistent with the Goals and Policies of the Polk County Comprehensive Plan." The ordinance limits commercial and residential uses in the district to those that have a clear relationship with the farm operator(s) and their respective farm operations. Agricultural related uses are permitted by right, while all other uses are subject to administrative review.

#### Agritourism Ordinance

#### **DeKalb County, Illinois**

DeKalb County established its Agricultural Zoning District to ensure that the lands contained therein are well suited to agricultural uses and to prevent the establishment of incompatible uses that would negatively impact agricultural operations. In addition to the permitted agricultural uses, contained within this ordinance are specific provisions for uses that are compatible with the county's agricultural industry. These include roadside stands, small-scale "agritainment," "upick" orchards and gardens, and game breeding and hunting preserves, farm processing facilities and other uses compatible with local agriculture.

#### **Buffers**

#### Davis, California

The City of Davis's Right to Farm and Farmland Preservation ordinance contains a buffer requirement for new developments adjacent to any land designated as agricultural. The buffer provision requires that a 150-foot "agricultural buffer/agricultural transition area" be situated between existing agricultural land and any new adjacent development. The buffer will serve to minimize conflicts between agricultural and non-agricultural uses and protect public health.

Each buffer is comprised of two sections: a 100-foot agricultural buffer adjacent to the agricultural land and a 50-foot agricultural transition area adjacent to the agricultural buffer and the new development. Uses in the 100-foot buffer are limited to natural areas, drainage swales, utility corridors and railroad tracks. Uses in the 50-foot transition area include all of those permitted in the 100-foot buffer as well as bike paths, benches, lights, and others of a similar character.

#### San Luis Obispo, California

The City of San Luis Obispo determines the buffer width on a case-by-case basis. The types of crop production, zoning, site topography and the wind direction are factored into the calculation. For example, the buffer width for field crops range from 100 to 400 feet, 300 to 800 feet for irrigated orchards, and from 400 to 800 feet for vineyards.

<u>Local Right-to-Farm Ordinance</u> (In California, there are approximately 40 counties and 50 cities that have adopted right-to-farm ordinances. Davis, California is highlighted in this list since a right-to-farm ordinance is linked to a buffer requirement.)

#### Davis, California

The City of Davis's Right to Farm and Farmland Preservation ordinance works to limit the conditions under which agriculture is deemed a nuisance. The city also maintains a policy of notifying all purchasers and tenants of nonagricultural land that is close to existing agricultural land of its support of agricultural land and operations. This notification requirement also serves to inform the purchaser of nonagricultural land of the effects of living in close proximity to a working agricultural operation.

#### STREAMLINING PROCESSES

#### Ombudsperson

#### **Upper Eastern Shore of Maryland**

Three counties in the Upper Eastern Shore of Maryland have approved funding in fiscal year 2006 to create a shared Ombudsperson position. The Ombudsperson in this region will work toward the completion of a regional economic development strategy for resource-based industries. This position is the first recommendation to be implemented from a 2003 report prepared by American Farmland Trust entitled: *Regional Economic Development Strategy For Resource-Based Industries on Maryland's Upper Eastern Shore*.

#### California - Farmbudsperson

An Ombudsperson is also employed by a government entity to assist the public in a neutral capacity. This individual works independently of regulatory staff and does not advocate for a specific party. In the Farmland Protection Action Guide – 24 Strategies for California, prepared by the Institute for Local Self Government in 2002, it is suggested that "farmbudsperson" could serve as an ombudsperson for the farming community. They add: "Frequently, farmers do not have the necessary resources to participate in the regulatory process that affects the. A farmbudsperson can help farmers gain access to and navigate the regulatory process." The California Air Resources Board has such a position to help the public with the regulatory processes.

#### Regulation/Permitting

#### Hillsborough County, Florida

In 1995, the Hillsborough County Commissioners created the Hillsborough County Agriculture Task Force and charged them with assessing the state of the agricultural industry and developing recommendations and an action plan to ensure the continued existence and expansion of the county's agriculture. Over the ensuing two years, the Task Force examined all relevant issues pertaining to agriculture including land, water, economic impact, regulatory impacts and impediments, and sustainable communities. This comprehensive analysis resulted in several new initiatives and actions to preserve agriculture in the county including a description of the following:

• **Regulatory** - Mandates from multiple agencies on farmers (one study found 46 agencies) were causing frustration, increased costs, noncompliance and even driving farmers out of agriculture. Task Force called for a pilot "Whole Farm Planning" in cooperation with the Florida Department of Environmental Protection and the Florida Department of Agriculture and Consumer Services to be created to address and streamline the regulatory and permitting requirements for agriculture.

#### Elk Horn Slough and San Diego, California

Sustainable Conservation, a San Francisco-based nonprofit, helped establish a permit streamlining "one-stop-shopping" application process to provide an incentive for local farmers to implement the Natural Resource Conservation Service (NRCS) and the Monterey County Resource Conservation District (RCD) plans for the Elk Horn Slough Watershed Project. The Sustainable Conservation program allows farmers to comply with all permits required for erosion control and natural habitat improvements by working through a single agency, (in this case, the NRCS), in return for implementing best management plans. The management plans call for the reduction of sediment and chemical transport into Elkhorn Slough by 50 percent over an 8-year period. Recently, Sustainable Conservation secured funding through a grant from the San Diego Regional Water Quality Control Board for a pilot project called the Northwest San Diego County Permit Coordination Program. The focus, once again, would be streamlining permit coordination by the RCD for 9 NRCS practices that promote water quality and habitat enhancement.

#### TAX INCENTIVES

**Enterprise District** 

Michigan Agricultural Processing Renaissance Zones

Michigan, statewide

http://www.michigan.gov/mda/0,1607,7-125-1568 2387 2428---,00.html

In 1997, Michigan became the first state to adopt tax-free Renaissance Zones to help create new jobs and increase investments. These zones are credited with luring 128 companies to the state, creating 3,663 new jobs and generating more than \$330 million in new investments. A new initiative was started in 2000 to support Michigan's agricultural industry with the creation of Agricultural Processing Renaissance Zones (APRZ), which are exempt from state and local taxes and open to qualified processors who want to start or expand operations in Michigan. Up to 20 such APRZs will be allowed across the state.

#### Farm Building Exemption

#### **New York**

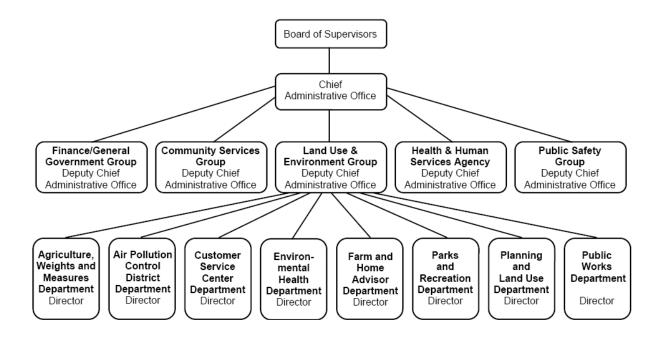
Sections 483-a and 483-c of New York's Real Property Tax Law exempt agricultural structures from taxation. Eligible structures include silos, grain storage facilities, bulk tanks, manure facilities and temporary greenhouses. Other structures, such as those used for retail merchandising, processing and residential uses do not qualify for the exemption. Farm owners must apply to the program within a year following completion of construction of any new agricultural buildings in order to receive the exemption.

(In San Diego County, this could have application for permanent greenhouses.)

## DRAFT — For Internal Review Only —

#### **APPENDIX VI:**

#### LAND USE AND ENVIRONMENT GROUP ORGANIZATIONAL CHART



## DRAFT — For Internal Review Only —

#### **APPENDIX VII:**

#### BOARD OF SUPERVISORS POLICY I-133

#### **Purpose**

The Board of Supervisors is committed to supporting and encouraging farming in San Diego County through establishment of partnerships with landowners and other stakeholders to identify, secure, and implement incentives that support the continuation of farming as a major industry in San Diego.

#### **Background**

San Diego is defined as an urban county, however, farming covers 265,041 acres and ranks fifth as a component of San Diego County's economy. For every dollar of agricultural product value, a multiplying factor of 3.5 may be applied to estimate the full economic impact of agriculture, which calculated to nearly \$4.8 billion in 2003.

With 5,255 farms, San Diego County has the third highest number of farms in the United States. San Diego County is ranked eighth in the State of California based on the gross value of its agricultural production, leading the state in nursery products, flowers and foliage, and avocados. In San Diego 92% of the farms are family owned and 77% of the farmers live on their land. Farming in San Diego also plays an important role in maintaining the region's environmental quality.

San Diego's farmers have been very adept at responding to changing market conditions and taking advantage of the region's unique climate and geographic resources. However, competition for land with urban development, increased water costs, and invasion of foreign pests and diseases, has placed continuing pressure on the industry.

The United States Congress recognizes the importance of protecting farmlands from urbanization. They also recognize that through creating public/private partnerships they can play an important role in the protection of the nation's natural resources. During reauthorization of the Farm Bill in 2002, Congress introduced and enacted several economic incentive programs that encourage farmers to address farming and environmental quality.

The State of California also implements a number of farmland incentive programs, including the California Farmland Conservancy Program that complement and leverage the federal incentive programs.

• Farming contributes to the conservation of habitats for plants and animals including rare and endangered species. Federal and state wildlife conservation incentive programs provide opportunities to coordinate conservation of both habitat and farming resources through public-private partnerships.

The County will play an important role in coordinating this program by providing information to organizations and stakeholders that are interested or engaged in farming.

#### **Policy**

It is a policy of the County to develop and implement programs designed to support and encourage farming in San Diego County.

#### **Responsible Departments**

- 1. Department of Planning and Land Use
- 2. Department of Agriculture Weights and Measures
- 3. Department of Farm and Home Advisor

#### **Sunset Date**

This policy will be reviewed for continuance by 12-31-2011.

#### **Board Action Date**

05/11/05 (8)

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#### APPENDIX VIII:

## PURCHASE OF AGRICULTURAL CONSERVATION EASEMENT PROGRAM RESOURCES

PACE programs are voluntary programs that compensate agricultural landowners for restricting non-farm development on their farms. For this reason, these programs are sometimes called Purchase of Development Rights (PDR) programs.<sup>2</sup> PACE was pioneered in Suffolk County, New York in the mid-1970s. Since then, 27 states, 50 local governments, and the federal government have authorized such programs.

#### Program Purpose

The purposes of the San Diego County PACE program are to protect the county's farmland in perpetuity for agriculture, maintain affordable farming, support farmers' equity, and protect critical habitat for regional conservation. In order to support agriculture, its language should clearly state that the goal of agricultural conservation has equal weight and priority to the goal of habitat conservation.

#### **Program Activities**

The PACE program should focus on buying permanent agricultural conservation easements and be authorized to accept donated easements. To address the county's high land prices and have more flexibility to protect blocks of contiguous farmland, the program should also have the ability to purchase land in fee. This would allow administrators to approach landowners in pre-approved mitigation areas and other strategic locations who are not interested in selling a partial interest. It also gives the County a tool to hedge against spikes in the real estate market, maintaining land at agricultural value or even leasing it back for farming purposes. For this to be effective, the County must adopt clear policies to overcome public misconceptions regarding fee transactions. Therefore, guidelines, regulations or protocols that clearly define roles and responsibilities for the program's varied functions should be established.

#### County Participation/ Staffing

An approved PACE ordinance should include program purposes, governance, staffing, program activities, eligible funding sources, and definitions of the types of property interests the PACE program would acquire. Qualitative and quantitative criteria should be developed to guide planning and selection.

Creating an ad-hoc agricultural input group specifically for the PACE program would be useful. The PACE input group could be comprised of representatives from the farming community, San Diego County Farm Bureau, NRCS, Resource Conservation Districts, relevant County departments, and other staff responsible for administering the program. The PACE input group composition guidelines should be set forth in the County ordinance. The

<sup>&</sup>lt;sup>2</sup> See the Farmland Information Center's *PACE Fact Sheet* available at http://www.farmlandinfo.org/documents/27751/pace\_2005.pdf.

Farm Team should be responsible for identifying and selecting group representatives, with ultimate approval from the DCAO. Typically, local input groups range from seven to nine members, with at least half representing agricultural interests. The size and constitution of the ad-hoc input groups for Unincorporated San Diego County should be tailored to the particular context and issues at hand. The PACE input group would provide input on program implementation. However, authority for funding acquisitions would rest with the County.

Professional staff would be required to administer a PACE program. Such staffing could be in addition to other identified Farming Program personnel, including the Farm Team. Nationwide, even small township-level PACE programs require staff to manage day-to-day operations. PACE programs may also require a team of professional service providers including appraisers, attorneys, land trust staff, and/or consultants.

Staff could be comprised of County employees, an independent County department, or private land trust. It has been suggested that the San Diego County Farm Bureau sponsor an agricultural land trust to administer the program. Such a land trust could provide technical assistance to interested property owners and be "farmer friendly." San Diego County's program should encourage the active involvement of local land trusts and national nonprofits engaged in land conservation.

Professional staff would conduct the day-to-day operations of program business, including public outreach, administration, easement applications, selection, appraisal negotiations, acquisition, and monitoring. At a minimum, the program would require a director and administrative support and, most likely, an attorney or farmland protection specialist with easement expertise. Aside from staff, the most significant operating expense in such a program tends to arise from contracts with outside consultants (i.e., conservation district staff, review appraisers, and easement monitors).

#### Acquisition Process and Criteria

The application, eligibility criteria, ranking, appraisal, selection, and acquisition process should operate on an annual basis to allow for prioritization. The application window should close on a specified day each year. Those not selected in each round would be re-ranked automatically in the next year's round, but competition from new applications could keep a low-scoring farm on the waiting list. Program administrators should publicize the application deadline and other information in printed and online formats, as well.

In general, the timeline from application to easement settlement would likely average approximately 12 months for successful applicants, though this could vary based on the number of applications received and whether or not outside funds are used. Typically, appraisals constitute the lengthiest part of the process. In San Diego County, if state funds are used, it could take a longer time to gain state approval for joint county-state easements.

#### 1. Application Process

The application process begins when the landowner requests an application. The application form is used to collect all information necessary to determine program eligibility and to rank the project. This includes identifying information about the parcel(s), landowner(s), and

location, as well as other information such as the farm's soils, crops, agricultural uses, land use, and zoning.

#### 2. Eligibility Criteria

Criteria are used to direct farmland protection efforts and ensure that funds are expended to achieve the broad public purposes of the program. The County could target protection to designated agricultural areas or allow all agricultural landowners to apply and sort out priorities through ranking criteria. It is recommended to use ranking criteria to prioritize easement acquisition on lands with the greatest multiple resources values, such as land designated through the MSCP.

#### 3. Ranking Criteria

The Farm Team could work closely with the PACE input group to develop ranking criteria to prioritize easement acquisition. This could be a particularly important part of its role as it would direct how public funds are expended. It would also be important for the PACE input group to actively participate in the development of the criteria, to build trust from farmers and investment in the program.

Criteria should be based on the Farming Program's goals and include agricultural and economic viability factors, as well as MSCP habitat conservation priorities. It could adapt the Land Evaluation and Site Assessment (LESA)<sup>3</sup> model to reflect the agricultural resources profile in Unincorporated San Diego County. However, since the LESA model places a heavy emphasis on prime soils which play less of a role in San Diego County, a local model could be developed that evaluates factors such as water availability, water cost, water quality, climate, surrounding land use, development potential, project size, agricultural use, support facilities, soils, sensitive habitat, and road frontage. The advisory group could also assign points to areas with high development pressure, such as properties inside the CWA, land designated Semi-Rural on the GP Update maps (or the corresponding designation under the existing General Plan), and parcels whose density designation is impacted when the GP Update is adopted.

#### 4. Easement Valuation

Two ways in which PACE programs could determine easement values include appraisals and point systems. In California, the majority of PACE programs use certified appraisers to determine easement values. In addition, this is also required when state or federal funds are used. Appraisers use comparable sales to estimate fair market value and then subtract an estimate of restricted value to determine the value of the easement. In San Diego County, a point system may be beneficial in determining easement values, as many farms in Unincorporated San Diego County may not qualify for state or federal funds. As San Diego County's program would be designed to preserve multiple resource values, as well as equity,

<sup>&</sup>lt;sup>3</sup> The Land Evaluation and Site Assessment was introduced in 1981 by the United States Department of Agriculture Soil Conservation Service, which later changed its name to the Natural Resources Conservation Services. The LESA model was designed to provide objective ratings of the agricultural suitability of land compared to demands for nonagricultural uses of lands. It is a point-based system that measures the relative value of agricultural land resources using two different sets of factors. The first set, Land Evaluation, rates the soil-based qualities as they relate to agricultural suitability. The second set, Site Assessment, measures social, economic and geographical attributes as they contribute to the overall value of the agricultural land.

a point system would be particularly useful in targeted areas, especially those where proposed local regulations would significantly reduce fair market value. The point system could also be tied to project ranking. Appraisals could still be used in areas that are likely to qualify for state or federal funds or where County regulations do not have an adverse impact on land values.

Appraisals: The County has a program to secure independent appraisals to determine per acre, fair market values necessary to negotiate the acquisition of an agricultural easement or other interest in property. For the PACE program, this appraisal could also include consideration for reconciling any differential property value between the existing general plan designations and those proposed under the GP Update. Because the Department of General Services handles appraisals when the County purchases land, it could acknowledge this agreement and instruct independent appraisers to employ this method. At the same time, if appraisals are used, the PACE program manager should explore alternatives to parcel-by-parcel appraisals with the Department of General Services. Consideration could be given to a blanket appraisal for several properties or a geographical area of interest, particularly with respect to areas covered by the MSCP.

**Point Systems:** Some PACE programs use an alternative valuation methodology to simplify easement acquisitions and reward non-market values. Point systems save time, compensate for natural and agricultural attributes that a fair market analysis may overlook, and improve the selection of properties with the highest value for the goals of the PACE program. Since the majority of farms in San Diego County are small in size and state and federal farmland conservation programs generally look at larger parcels that rely on appraisals, a point system may provide the best viable alternative.

A point system would develop an estimate of per-acre value after ranking to achieve program goals, such as agricultural value and economic viability, soil and water resource factors, habitat and conservation values, development pressures and vulnerability, and importance to other County plans, programs, and objectives. For example, the Delaware Agricultural Land Preservation Foundation uses a weighting and scoring system to come up with a numerical score. (Appendix VIII, Purchase of Agricultural Conservation Easement Resources – Delaware Agricultural Lands Preservation Foundation: Point System Narrative). In addition to the numerical score, the Delaware Agricultural Land Preservation Foundation may consider landowner discount after ranking and availability of other funding.

The LESA model, MSCP criteria, the GP Update, and other successful PACE programs were reviewed in order to draft potential factors as potential model for the creation of a point system for a PACE program in San Diego County. The LESA model can be used as the basis for a point system, but because its emphasis is on soil characteristics and larger parcel sizes, it generally does not fit the profile of San Diego County agriculture. A local approach could be developed that would include profitability, as well as agriculture and conservation values. A point system in Unincorporated San Diego County could also take into consideration the factors found in Table 4, below.

**Table 4: Potential Factors For Example Point System** 

AGRICULTURAL VIABILITY	
Agricultural Productivity	
Economic Viability	
WATER	
Water Availability	
Water Quality	
CLIMATE	
Навітат	
Approved Conservation Plan	
Location: Within identified preserve planning area, important habitat corridor, and/or linkage or habitat core area. <sup>4</sup>	
Provides habitat value for sensitive species <sup>5</sup>	
LAND USE	
Density reduction per the County General Plan Update (GP Update)	
Development Pressure	
Surrounding Land Use	
SOIL QUALITY	
Land Capability Classification	
Storie Index	

Once the factors are determined, weights could be assigned that would ultimately total 100 percent. Most importantly though, it is strongly recommended that Farm Team collaborate with the PACE input group to develop the point system, once the PACE program is authorized and funded.

#### **Budgeting**

Program staff should develop projections and recommendations for funding for each fiscal year. Beyond acquisition, costs include personnel and administration, technical assistance, easement monitoring and enforcement, and other direct and indirect costs. Protocols must be in place for reimbursement and payment. Staff would assemble lists of properties ranked in priority by project, area, or district that will be pursued when the year's appropriation is available. Based on the total budget for a particular year, adjustments to the number of properties could increase or decrease.

When it comes to funding, two considerations are important. As with the County's acquisition program, negotiations with agricultural landowners should only begin if there is reasonable certainty that funds will be available to complete transactions. Second, funds must be available from the outset to pay for monitoring and enforcement of the easements.

<sup>&</sup>lt;sup>5</sup> Potential examples: Arroyo southwestern toad, Stephen's kangaroo rat, tricolored blackbird, burrowing owl, Northern Harrier.

#### Easement Selection

After conducting appraisals or ranking with the point system and receiving feedback from the PACE input group, the Farm Team, would select properties and make recommendations to the DCAO. Decisions could be based on the ranking scores. Program staff may, however, decide to use additional factors based on PACE input group recommendations to make final decisions. Examples of additional factors that could be considered include:

- 1. Cost of the project relative to total allocations and appropriations;
- 2. Consistency with County plans;
- 3. Proximity to other land subject to agricultural conservation easements;
- 4. Urgent situations (such as illness, death, divorce, or sale by absentee landlord) that especially threaten an important farm; and/or
- 5. Availability of time-sensitive matching funds such as state, federal, or private contributions.

Written offers to purchase easements could be submitted to landowners by program staff in personal meetings that allow for review of appraisals and discussion of easement terms, subdivision guidelines, and any other questions the landowner might have. Applicants should be given a specified time period in which to accept or reject the offer. If the offer is accepted, an agreement of sale with the applicant would be generated. If state, federal, or private money would be used in the purchase, the agreement could be conditioned upon the approval of said body. A requirement could be included that all farms must have an up-to-date conservation plan, such as those that follow guidelines prepared by the NRCS, prior to easement settlement. In cases where new conservation plans may be needed, the program would encourage landowners to begin the process early, as the time required to complete the plan can vary.

#### **Payment Options**

A variety of payment options could be explored for the San Diego County PACE program. They include:

- 1. Lump sum payments;
- 2. Traditional installment payments over one or more years, wherein the landowner pays taxes on the sale proceeds as they are received each year;
- 3. Installment purchase agreements, whereby all or part of the easement payment is deferred for 15–30 years, with the landowner receiving tax-exempt interest payments on the outstanding principal;
- 4. Tax escrow account, whereby a part of the easement proceeds are placed in an escrow account with payments made to coincide with local property tax bills; and
- 5. Donation or bargain sale, with potential income tax benefits.

#### **Easement Provisions**

Agricultural conservation easements typically contain provisions that limit uses and activities that are inconsistent with commercial agriculture; permit agricultural uses, structures, and related development; and do not require public access. For a comprehensive discussion of

agricultural conservation easements, valuable references include, *Drafting Conservation Easements for Agriculture*<sup>6</sup> and *Examples of Agricultural Easement Language*.<sup>7</sup>

Specific easement terms are negotiated between the landowner and the program. For the most part, they follow the standardized language contained in the program's model easement. While minor changes may be allowed to better suit a particular farm, larger changes that substantially alter the easement's effect should not be acceptable. Key elements of easement provisions are outlined, below:

#### Residences

One farm residence allowed per easement, or otherwise as agreed.

#### Agricultural Structure (including farmworker housing)

With permission of County.

#### Right to Use Property for Agricultural Production

Flexibility allows farms to adapt to changing economic conditions.

#### Other Use

Customary rural and home-based uses are allowed so long as these uses are conducted principally by persons in residence within or adjoining "residential and/or principally agricultural structures on the property," remain "incidental to the agricultural and open space character of the farm," and cover a small percentage of the property area as defined by the ordinance.

#### **Subdivision**

Not permitted.

#### Public Access

Public access is generally not required as a condition of the easement.

#### Mineral Rights

Exploration for, or development and extraction of, minerals and hydrocarbons on or from the property by any method is prohibited.

#### Water Rights

Property subject to this easement includes all water and water rights, ditches and ditch rights, springs and spring rights, reservoir and storage rights, wells and groundwater rights, and other

<sup>&</sup>lt;sup>6</sup> Drafting Conservation Easements for Agriculture, Judy Anderson and Jerry Cosgrove. Available at http://www.farmlandinfo.org/documents/29911/Drafting\_Conservation\_Easements.PDF.

<sup>&</sup>lt;sup>7</sup> Examples of Agricultural Easement Language, Judy Anderson, Columbia Land Conservancy, and Jerry Cosgrove, American Farmland Trust. October 1999, Updated 2003. Available at http://www.farmlandinfo.org/documents/29929/Ag\_Easement\_Language.pdf.

rights in and to the use of water historically used on or otherwise appurtenant to the property (collectively, the "water rights").

Grantor shall not transfer, encumber, sell, lease, or otherwise separate the water rights for the property or change the historic use of the water rights without the consent of grantee. Grantor shall not abandon or allow the abandonment of, by action or inaction, any of the water rights without the consent of grantee.

#### Natural Resource Management

A requirement may be included that all agricultural production on the protected land must be conducted in accordance with a conservation plan, which must be updated at least every 10 years. In addition to standard conservation plan requirements, specific habitat Best Management Plans could be developed or restrictions on sod and nursery operations not to remove excessive soil, or that excavation of soil, sand, gravel, and stone for use in agricultural production on the land is "conducted in a location and manner that preserves the viability of the subject land for agricultural production."

#### Monitoring and Enforcement

Easement monitoring and enforcement are key program functions. Monitoring should be conducted on an annual or semi-annual basis. Once the program is authorized and funded, program staff, with consideration of comments from the PACE input group, should decide whether monitoring will be done by program staff, land trust staff, conservation district staff, third parties, or outside consultants. The program should provide landowners with at least 10 days advance notice and make inspections during normal weekday hours. Monitoring reports should be required to record the following:

- Farm identification;
- Name of original owner who sold the easement(s), as well as the current owner, if different:
- Structures on the property and any modifications to those structures since the last visit;
- Any deviations from the conservation plan; and
- Whether or not the use of the land complies with the terms of the easement.

Policies should be developed to ensure that the terms of the agreements are maintained and that allow the investigation and enforcement of suspected easement violations. These policies should include landowner notification, a description of the nature and extent of the violation, and the required corrective action. If the landowner does not take steps to correct the violation within a stated time frame, the County could then take legal action. Enforcement may be case specific but always should include an investigation and appropriate action to stop the violation and, if necessary, remedy any damage to the easement values. Some programs handle violations on a case-by-case basis and try to resolve issues with landowners before taking legal action, while others spell out procedures in their easement documents.

#### Easement Termination

Some PACE programs contain termination provisions, as well. These provisions give the program flexibility over time. Easements can be released in areas that are no longer suitable for agriculture, so that public funds can be redirected to more important agricultural areas.

Provision language does not have to be included in the easements themselves, but only in the legal authorization language. Termination authority is then contingent upon the approval of a public board or governing body. Landowners would be required to pay an amount equal to the value of the easement at the time of resale, as determined by an appraisal. Overall, this provision is intended to be relevant only in the most extreme and unforeseen circumstances, without reducing or weakening the permanent nature of the easements.

#### Funding

One of the biggest challenges in administering PACE programs can be establishing a dedicated and reliable funding source. Purchasing easements in Unincorporated San Diego County is likely to be more expensive than in many other jurisdictions and farmers are most likely to participate if they feel confident that adequate funding is in place. Significant funding opportunities exist through state and federal grant resources outlined in greater detail in this section. However, it will also be necessary to determine the cost of a PACE program and what funding sources would be adequate, desirable and allowable within the local context. Once the scope and reach of the PACE program have been determined, additional research will be required to determine funding sources Many funding mechanisms may need legislative or voter approval. Prior to this needed research, the following provides a general overview of potential funding sources for the PACE program.

#### **BONDS**

General obligation bonds are the most popular source of funding for PACE programs across the nation. Bonds are essentially IOUs issued by cities, counties, states, and other public entities to finance large public projects. The issuer agrees to repay the amount borrowed plus interest over a specified term—typically 20 to 30 years. General obligation bonds are backed by the full faith and credit of the issuer. This means that the government entity is obligated to raise taxes or take other actions within its power to repay the debt. General obligation bonds may require approval by the legislature, Board of Supervisors, and/or voter approval. In addition, while bonds distribute the cost of acquisition over time, the interest paid on the bonds increases the overall cost of the program.

#### **TAXES**

#### **Real Estate Transfer Taxes**

A real estate transfer tax is a levy on property sales that is currently in place. It is typically a small percentage of the purchase price and is usually paid by the buyer. Transfer taxes ensure that the level of funding is tied to development activity, so that funding increases when the real estate market is high and drops when the market is low.

California has a documentary transfer tax that is based on \$1.10 for each \$1,000 of value transferred, or \$0.55 for every \$500 or fraction thereof. When the terms of sale are all cash, or if there is a new loan, then the transfer tax is paid on the entire sales price. When a buyer assumes an existing loan, however, the tax is computed on the existing equity.

Maryland is among several states with strong success in levying an agricultural transfer tax when farmland enrolled in the agricultural assessment program is converted to a developed

use. Typically, the tax is the difference between the annual tax paid by the farm owner and the tax rate that would have been applicable to the new development, charged retroactively over a period of years. Interest may be charged on this difference, as well.

As with general obligation bonds, an agricultural transfer tax for San Diego County may require state legislative, Board of Supervisors, and/or voter approval. In addition to an agricultural transfer fee charge for the conversion of farmland to other uses, an additional transfer tax could also be applied to all real estate transactions (i.e., existing homes, commercial, etc.) and used to support a PACE program.

#### **Sales Taxes**

Sales taxes are levies on retail sales imposed by states, local governments, and special districts. Sales taxes may be broad based or targeted to a particular item. In San Diego County, for example, TransNet is a ½-cent sales tax to fund a variety of transportation projects throughout the county. In November 2004, voters approved an extension ordinance expenditure plan, allowing the TransNet program to continue through 2048. The expected \$14 billion generated from this sales tax will be used to reduce traffic congestion in San Diego County. As part of TransNet, however, some funding will also be applied to habitat acquisition through the Environmental Mitigation Program.

The Environmental Mitigation Program will use \$850 million of these monies to mitigate the impact of TransNet transportation projects. Through this program \$650 million is slated for the mitigation of regional and local transportation projects and \$200 million will be used for regional habitat acquisition, management, and monitoring activities. As the Environmental Mitigation Program is just being launched, the goals of the MSCP are acknowledged as a priority for the regional habitat conservation fund. There may be an opportunity to broaden the Environmental Mitigation Program to protect farmland, particularly where farms exist within MSCP planning boundaries.

One jurisdiction where a PACE program has been funded through sales tax revenue includes Sonoma County, California. Its program is funded primarily by a ¼-cent sales tax and has generated approximately \$11 million per year for the PACE program. As of 2005, approximately 32,307 acres had been protected through the Sonoma County PACE program<sup>8</sup>.

#### **Specialty Taxes**

#### • Transient Lodging Tax

A Transient Lodging Tax is charged on hotel and motel room stays. Lodging taxes typically are supported more by visitors who use county lodging facilities than by citizens of the county. Regions with robust tourism, such as San Diego County, can generate significant revenues through transient lodging tax. Such a program has been successful in Loudoun and Albemarle counties, in Virginia. These counties use this tax to raise dedicated funds to support PACE programs, in addition to appropriations and in Loudoun's case, to match federal funds. Lexington-Fayette County in

<sup>&</sup>lt;sup>8</sup>See the Farmland Information Center's *Fact Sheet, Status of Local PACE Programs*, available at http://www.farmland.org/about/mission/documents/ART\_Pace\_Local.pdf

Kentucky, likewise, received legislative approval to implement a transient lodging tax in support of a PACE program.

#### • Restaurant Tax

This is a tax on restaurant meals that could be directed toward a PACE program.

#### • Cellular Phone Tax

The City of Virginia Beach, Virginia, collects a 10 percent tax on cellular phone bills up to a maximum of \$3 per month. Proceeds from the tax are deposited in the general fund, with a flat dollar amount earmarked for a farmland protection program.

In the mid-1990s, the General Assembly of Virginia gave all localities within the state the right to tax cellular phone usage. In other states, local jurisdictions may already have the authority to tax cellular phone service. A cellular phone tax is a unique funding mechanism; however, other specialty taxes could also be levied that would be particularly appropriate for San Diego County.

#### ANNUAL APPROPRIATIONS

Some local PACE programs use appropriations from the county government to fund some of their transactions. Local governments can allocate a dollar amount from general or discretionary funds to support farmland protection. One funding option is to establish a separate annual allocation for the San Diego County Farming Program, similar to how the County funds its acquisitions of open space. Allocations for these two purposes- open space and agricultural land preservation- may even be complimentary in some cases. These allocations could be used to leverage additional local, state, federal, and private funds for acquisition of development rights from farmers. Annual appropriations are a potential source of funding for a Farming Program in Unincorporated San Diego County. The appropriation amount would be based on the funding set forth in the Operational Plan for that fiscal planning cycle.

#### FEDERAL FUNDING

#### Farm and Ranch Lands Protection Program

Included in the 2002 Farm Bill, the federal Farm and Ranch Lands Protection Program (FRPP) provides matching grants to established state, local, private, and tribal farmland protection programs. Administered by the United States Department of Agriculture, Natural Resources Conservation Service (NRCS), the FRPP pays up to half the final sales price of a conservation easement, which must be matched by the qualifying program. California PACE programs currently use FRPP funds to match the California Farmland Conservancy Program (CFCP), discussed in further detail later in this document. The FRPP can be used to leverage local and private monies, as available. This matching funding source is competitive and California's allocation is determined on an annual basis by the NRCS. The FRPP has several

provisions, in addition to those of the CFCP, including limits on impervious surface coverage and a conservation plan requirement.<sup>9</sup>

#### **Hazard Mitigation Grant Program**

The federal Hazard Mitigation Grant Program (HMGP), created in November of 1988 by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, assists states and localities in implementing mitigation measures following a presidential disaster declaration. Funds have often been used to purchase development rights on farmland located in 100-year flood plains through this program. State, local, and tribal governments along with private nonprofit organizations that serve a public function are eligible for funding under the HMGP. In order to qualify, projects must fall within the state and local governments' overall mitigation strategy for the disaster area and comply with program guidelines. The program will cover up to 75 percent of project costs and in-kind services can be used to meet the state or local cost-share match, with each state setting its own priorities for funding and administration of the program.

#### **SAFETEA**

In 2005, the US Congress authorized the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA) to disperse federal transportation funds. Like its predecessors, the Intermodial Surface Transportation Efficiency Act (ISTEA) and the Transportation Equity Act for the 21st Century (TEA-21), SAFETEA makes money available for transportation enhancements. Easement acquisitions that protect scenic views and historic sites along transportation routes are eligible for these funds, as well.

Delaware, Massachusetts, and Vermont have used federal transportation funding for PACE at the state level. Other localities also fund their programs in part with transportation dollars, including Baltimore County, Maryland; Calvert County, Maryland; Frederick County, Maryland; Washington County, Maryland; and Peninsula Township, Michigan. There may be opportunities available to use SAFETEA money to assist the funding of a PACE program in San Diego County.

#### STATE FUNDING

California Farmland Conservancy Program

The California Farmland Conservancy Program (CFCP) seeks to encourage the long-term, private stewardship of agricultural lands and provides statewide grant funding on a competitive basis to establish agricultural conservation easements and planning projects. Administered by the California Department of Conservation, the CFCP requires land funded through the program to sustain commercial agricultural production. This assessment involves market, infrastructure, and agricultural support services, as well as acreage requirements.

<sup>&</sup>lt;sup>9</sup> Conservation plans document best management practices such as crop rotation, crop residue management, tillage practices, water management and nutrient management practices to control soil erosion and improve water quality. Guidelines are set forth by the NRCS. The FRPP focuses mostly on "highly erodible" cropland to reduce erosion to the level stipulated in the Food Security Act of 1985. Programs that participate in the FRPP work with NRCS national staff to negotiate easement documents that meet the federal requirements. Assistance also may be provided by the state FRPP program manager. For more information about the Farm and Ranch Lands Protection Program, contact the NRCS state office in Davis, California.

Surrounding parcel sizes and land uses are also expected to support long-term commercial agricultural production through the program.

CFCP easements do not restrict what crops can be grown and are intended to complement the Williamson Act, which is discussed in further detail in Appendix VIII of this document. For the fiscal year 2006–2007, the state budget has allocated \$8.3 million from Proposition 40 bond funds to go to the CFCP. Applications are accepted at any time. The CFCP will match up to 90 percent of the value of an easement if 10 percent is matched by a bargain sale and will match up to 95 percent of the value if matched by actual funds. Historically, however, the CFCP's matching average is approximately 55 percent.

Recently, the CFCP combined forces with the FRPP to jointly fund its first agricultural conservation easement in Southern California at Tierra Miguel ranch in the Pala-Pauma Valley in San Diego County. To date, this is the only state and federally funded agricultural conservation easement in the county, but other opportunities should be explored in the future.<sup>10</sup>

#### **OTHER SOURCES**

#### **Special Districts**

One special district includes a Mello-Roos district, which is created under the California's Mello-Roos Community Facilities Act of 1982, aimed at financing open space acquisition and developing parks. The Solano County Farmland and Open Space Foundation is an example of an organization supported by Mello-Roos district funds. In Solano County (east of San Francisco), properties within the district pay an annual tax of \$16 to \$33 per acre prior to development and \$80 per unit after construction.

#### **Smart Increment Financing (SIF)**

The San Diego County San Diego County Farm Bureau has developed a Smart Increment Financing (SIF) concept that could serve as a source of funding to compensate for a potential loss of equity under the proposed GP Update. This same concept, introduced in 2002 and 2004, could also fund a PACE program. The basis of the SIF is the Tax Increment Financing (TIF) tool, which generally is used for redevelopment projects. Typically, TIF helps local governments restore blighted areas or stimulate economically sluggish areas of their communities.

A tax increment is the difference between the amount of tax revenues generated before TIF district designation and the amount of tax revenue generated by a project within the TIF district after completion. Property taxes continue to be paid but the increase in assessed values (the tax increment), as a result of the new development, can be designated for a special fund. According to the San Diego County Farm Bureau proposal, the incremental increase in property tax revenues could be directed to equity mechanism programs such as PACE.

<sup>&</sup>lt;sup>10</sup> For more information about the California Farmland Conservancy Program, contact the Department of Conservation in Sacramento, California, or visit <a href="http://www.consrv.ca.gov/DLRP/cfcp/index.htm">http://www.consrv.ca.gov/DLRP/cfcp/index.htm</a>.

The San Diego County Farm Bureau also notes in their assessment: "In traditional redevelopment financing the tax increment increase remains within the redevelopment area (Tax Increment Financing district) for public improvements. SIF would be spent outside the fund generation area, so it is likely the entire unincorporated county would have to be identified as the district. SIF would likely need a basis in state law if the technique were acceptable to the Board of Supervisors."

#### PACE Comparable Case Studies

#### Williamson Act

The Williamson Act, or the Land Conservation Act of 1965, was designed to provide farmers with financial incentives to keep their land in agricultural production and thereby slow the conversion to urban development. A Williamson Act Contract allows landowners to sign renewable 10-year contracts with local governments. Agricultural preserves were established to define the areas within which landowners may enter into a contract with the County. Landowners agree to restrict use of property within preserves to agriculture or open spaced for the term of the contract. In return, the land is assessed at its agricultural use value rather than market value, providing participants with significant property tax relief. Local governments receive an annual subvention of forgone property tax revenues from the state via the Open Space Subvention Act of 1971.

The minimum size of an agricultural preserve is generally 100 acres, however smaller parcels with contiguous ownership may be combined to meet the minimum acreage requirement. For parcels to qualify for inclusion in an agricultural preserve in San Diego County, they must meet the following minimum sizes: 10 acres in groves or crops, 80 acres in grazing or 40 acres in mixed use. There are currently 4,847 acres of prime soils and 57,763 acres of non-prime soils under contract. Between 1991 and 2001, the County entered into two new Williamson Act contracts. The cities of Oceanside, Carlsbad and Escondido also participate in this program.

For more information about the Williamson Act (Land Conservation Act), contact the Department of Conservation office in Sacramento, California, or visit its Web site at <a href="http://www.consrv.ca.gov/DLRP/lca/index.htm">http://www.consrv.ca.gov/DLRP/lca/index.htm</a>.

#### **Delaware Agricultural Lands Preservation Foundation: Point System Narrative**

The Delaware Agricultural Lands Preservation Foundation scores are based on:

- 1. Location of the property on the state agricultural lands preservation strategy map (50 points);
- 2. A LESA score that rates soil quality, proximity of agricultural infrastructure, and location/surrounding land uses (20 points);
- 3. The productivity of operation based on investment, management, past yields and type of operation (15 points);
- 4. Other factors (15 points):
  - a. Consistency with state and county land use plans;
  - b. Proximity to protected land;
  - c. Degree of threat by development;
  - d. Percentage of the property in agricultural use;
  - e. Impact on future expansion of agriculture districts and easement acquisitions;

f. Socio-economic benefits associated with long-term preservation of the land, and the history of the surrounding area and the role that it has played in Delaware agriculture Potential of the easement to reduce development pressures on adjacent farmland.

## APPENDIX IX MAPS

VIAP 1:	JURISDICTIONAL BOUNDARIES
<b>MAP 2:</b>	Тородгарну
<b>MAP 3:</b>	WATERSHEDS
<b>MAP 4:</b>	COUNTY WATER AUTHORITY BOUNDARY AND PRECIPITATION
<b>MAP 5:</b>	PARCEL OWNERSHIP
<b>MAP 6:</b>	EXISTING GENERAL PLAN – REGIONAL LAND USE CATEGORIES
<b>MAP 7:</b>	MULTIPLE SPECIES CONSERVATION PROGRAM (MSCP) PLAN
	BOUNDARIES

